

1A. Deceptive Contracts Are Not A Basis For Consideration In New York And Not Enforceable	<i>Legal Authorities</i>
	28 (2d Cir. 1989)
17. Indeed, the Second Circuit has instructed "courts [to] not be timid in voiding agreements which tend to injure the public good or contravene some established interest of society."	<i>Chia Huey Chou v. Remington Tai Che</i> , 2010 U.S. Dist. LEXIS 142766 (E.D.N.Y. 2010) citing to <i>Stamford Bd. of Educ. v. Stamford Educ. Ass'n.</i> , 697 F.2d 70, 73 (2d Cir. 1982).
18. If it was agreed that the funds would be deposited with Levine under false pretenses, to not pay federal taxes, the agreement between sellers and Levine would be unenforceable. No cause of action can arise from an agreement which has been documented falsely for an illegal purpose regardless of degree of complicity in scheme.	<i>AQ Asset Mgt. LLC v. Levine</i> , 2013 N.Y. Misc. LEXIS 2054 (N.Y. Sup. Ct., Mar. 28, 2013)

B. Constructive Fraudulent Conveyance	<i>Legal Authorities</i>
19. The Second Circuit has instructed that a conveyance is "deemed constructively fraudulent" under NYDCL Section 273 only if "two separate elements are satisfied: first, it is made without fair consideration, and second, the transferor is insolvent or will be rendered insolvent by the transfer in question."	<i>United States v. Watts</i> , 786 F.3d 152, 164 (2d Cir. 2015) (internal quotation marks omitted) (quoting <i>In re Sharp Int'l Corp.</i> , 403 F.3d 43, 53 (2d Cir. 2005)).
20. Constructive fraudulent conveyance under NYDCL Section 273 is "defined exclusively by the objective conditions of the asset transfer at issue, without regard to the debtor's intent in making the transfer."	<i>Am. Federated Title Corp. v. GFI Mgmt. Servs., Inc.</i> , 126 F. Supp. 3d 388, 400 (S.D.N.Y. 2015), <i>aff'd</i> , 716 Fed. Appx. 23, 2017 U.S. App. LEXIS 23002, 2017 WL 5499156 (2d Cir. Nov. 16, 2017).
21. "[T]he element of insolvency is presumed when a conveyance is made without fair consideration, and the	<i>Watts</i> , 786 F.3d at 165 (citations omitted); <i>Fannie Mae v. Olympia Mortg. Corp.</i> , 792 F. Supp. 2d 645, 651 (E.D.N.Y. 2011).

B. Constructive Fraudulent Conveyance	Legal Authorities
burden of overcoming such presumption is on the transferee."	
22. To prevail on a claim under §273-a, a plaintiff must establish that: (1) the conveyance was made without fair consideration; (2) at the time of transfer, the transferor was a defendant in an action for money damages or a judgment in such action had been docketed against him; and (3) a final judgment has been rendered against the transferor that remains unsatisfied.	<i>Priestley v. Panmedix Inc.</i> , 18 F. Supp. 3d 486, 497 (S.D.N.Y. 2014); <i>Grace v. BankLeumi Trust Co. of N.Y.</i> , 443 F.3d 180, 188 (2d Cir. 2006).
23. Fair consideration is given for property, or obligation, a. When in exchange for such property, or obligation, as a fair equivalent therefor, and in good faith, property is conveyed or an antecedent debt is satisfied, or b. When such property, or obligation, is <i>received in good faith</i> to secure a present advance or antecedent debt in amount not disproportionately small as compared with the value of the property, or obligation obtained.	NYDCL §272; <i>Pryor v. Tiffen (In re TC Liquidations LLC)</i> , 463 B.R. 257, 268 (E.D.N.Y. 2011); <i>Mendelsohn v. Kovalchuk (In re APCO Merch. Servs.)</i> , 585 B.R. 306 (Bankr. E.D.N.Y. 2018); <i>Mellon Bank, N.A. v. Metro Commc'ns, Inc.</i> , 945 F.2d 635, 647 (3d Cir. 1991).
24. Where, as here, the Defendants fail to show both fair equivalence and good faith in the transaction, the transfer should be avoided.	<i>Lawson v. Barden (In re Skalski)</i> , 257 B.R. 707, 710 (Bankr. W.D.N.Y. 2001).
25. As suggested by the language of the statute, fair consideration under New York law has two components—the exchange of fair value and good faith—and both are required.	<i>Kramer v. Mahia (In re Khan)</i> , 2015 U.S. Dist. LEXIS 133241, 41 (E.D.N.Y. 2015).
26. Even if there is fair consideration, a transfer is still constructively fraudulent in the absence of good faith on the part	<i>Wimbledon Fin. Master Fund v. Wimbledon Fund, SPC</i> , 2016 N.Y. Misc. LEXIS 4805 (N.Y. Sup. Ct., Dec. 2016) (emphasis added), quoting <i>Berner Trucking, Inc. v. Brown</i> , 281 AD2d 924, 925, 722 N.Y.S.2d 656 (1st Dept.

B. Constructive Fraudulent Conveyance	Legal Authorities
"of both the transferor and the transferee."	2001).
27. Defendants who present no credible evidence to meet their burden of proving that the property was conveyed for "fair consideration" as defined under prevailing New York State law have not met their burden.	<i>United States v. Alfano</i> , 34 F. Supp. 2d 82, 848 (E.D.N.Y. 1999).
28. Fraudulent conveyance claim granted where no record of the release of an antecedent debt serving as consideration for transfer of residence from husband to wife.	<i>United States v. Nirelli</i> , 1997 U.S. Dist. LEXIS 15451, No. 92- CV-563C, 1997 WL 718443, at (W.D.N.Y. 1997)
29. A transferee's good faith is lacking if the transferee acted with either actual or constructive knowledge of the fraudulent scheme."	<i>HBE Leasing Corp.</i> , 48 F.3d 623, 636 (2 nd Cir. 1995); NYDCL § 278(1)
30. New York courts have recognized that where the transferee is an officer, director, or major shareholder of the transferor, good faith is lacking as a matter of law.	<i>Sharp Int'l Corp. v. State St. Bank & Trust Co.</i> , 403 F.3d 43, 54 (2d Cir. 2005); <i>Farm Stores, Inc. v. Sch. Feeding Corp.</i> , 102 A.D.2d 249, 477 N.Y.S.2d 374 (2d Dept. 1984).
31. When preferences are given to a debtor corporation's shareholders, officers, or directors, such transfers are <i>per se</i> violations of the good faith requirement.	<i>Sharp Int'l Corp. v. State St. Bank & Trust Co.</i> , 403 F.3d 43, 54 (2d Cir. 2005); <i>Lyman Commerce Solutions, Inc. v. Lung</i> , 2015 U.S. Dist. LEXIS 51447, 21(S.D.N.Y. 2015); <i>Sardis v. Frankel</i> , 113 A.D.3d 135, 142, 978 N.Y.S.2d 135 (1st Dept. 2014); <i>Geltzer v. Artists Mktg. Corp. (In re Cassandra Group)</i> , 338 B.R. 583, 594 (Bankr S.D.N.Y. 2006); <i>Am. Media, Inc. v. Bainbridge & Knight Labs., LLC</i> , 135 A.D.3d 477, 478, 22 N.Y.S.3d 437 (1st Dept. 2016).

C. Participation In the Fraudulent Transfer; 11 U.S.C. 550(a)	Legal Authorities
32. "Under New York law, a creditor may recover money damages against parties who participate in the fraudulent transfer	<i>Cadle Co. v. Newhouse</i> , 74 F. App'x 152, 153 (2d Cir. 2003); <i>Stochastic Decisions, Inc. v. DiDomenico</i> , 995 F.2d 1158, 1172 (2d Cir.

C. Participation In the Fraudulent Transfer; 11 U.S.C. 550(a)	Legal Authorities
and are either transferees of the assets or beneficiaries of the conveyance."	1993); <i>RTC Mort. Trust 1995-S/N1 v. Sopher</i> , 171 F. Supp. 2d 192, 201 (S.D.N.Y. 2001).
33. Under federal law, one participates in a fiduciary's breach if he or she affirmatively assists, helps conceal, or by virtue of failing to act when required to do so enables it to proceed.	<i>Sharp Int'l Corp. v. State St. Bank & Trust Co. (In re Sharp Int'l Corp.)</i> , 403 F.3d 43, 51(2 nd Cir. 2005) (citing to <i>Diduck v. Kaszycki & Sons Contractors, Inc.</i> , 974 F.2d 270, 284 (2d Cir. 1992) (2d Cir. 2003).
34. Masterminding the fraudulent transfers, using some of the transferred assets to pay personal expenses, and diverting funds to cheat creditors is sufficient to support a finding of personal involvement in a fraudulent conveyance.	<i>Stochastic Decisions, Inc. v. DiDomenico</i> , 995 F.2d 1158, 1172 (2d Cir. 1993)
35. An officer acting as a signatory on its corporate bank accounts and who authorizes expenditures to benefit himself and his family members, benefits both directly and indirectly and is liable for the entire amount of the fraudulent transfers.	<i>Fannie Mae v. Olympia Mortg. Corp.</i> , 2014 U.S. Dist. LEXIS 79479 (E.D.N.Y. June 10, 2014).
36. The owner of the transferee corporation, the individual and the defendant was, "[b]y any meaning of the word" a "beneficiary" of the corporations' fraudulent transfers and thus liable for the fraudulent conveyance	<i>U.S. v. Lax</i> , 414 F. Supp. 3d 359, 366-367 (E.D.N.Y. 2019); <i>Schnelling v. Crawford (In re James River Coal Co.)</i> , 360 B.R. 139, 161 (Bankr. D. Va. 2007)

D. Alter Ego	Legal Authorities
37. Alter ego liability exists under New York law "when a parent or owner uses the corporate form to achieve fraud, or when the corporation has been so dominated by an individual or another corporation . . . that its separate identity so disregarded that it primarily transacted the dominator's business rather than its own.	<i>City of Almaty v. Ablyazov</i> , 2019 U.S. Dist. LEXIS 55183 (Bankr. S.D.N.Y. 2019); <i>Kiobel v. Royal Dutch Petroleum</i> , 621 F.3d 111, 195 (2d Cir. 2010) (internal quotation marks and citation omitted).

D. <i>Alter Ego</i>	<i>Legal Authorities</i>
<p>38. The Second Circuit set forth ten non-exhaustive factors to assess whether a corporation has been sufficiently dominated to warrant piercing the corporate veil:</p> <p>(1) [T]he absence of the formalities and paraphernalia that are part and parcel of the corporate existence, i.e., issuance of stock, election of directors, keeping of corporate records and the like, (2) inadequate capitalization, (3) whether funds are put in and taken out of the corporation for personal rather than corporate purposes, (4) overlap in ownership, officers, directors, and personnel, (5) common office space, address and telephone numbers of corporate entities, (6) the amount of business discretion displayed by the allegedly dominated corporation, (7) whether the related corporations deal with the dominated corporation at arm's length, (8) whether the corporations are treated as independent profit centers, (9) the payment or guarantee of debts of the dominated corporation by other corporations in the group, and (10) whether the corporation in question had property that was used by other of the corporations as if it were its own.</p>	<p><i>In Wm. Passalacqua Builders, Inc. v. Resnick Devs. S., Inc.</i>, 933 F.2d 131, 134 (2d Cir. 1991).</p>
<p>39. "Factors to be considered in determining whether the owner has 'abused the privilege of doing business in the corporate form' include whether there was a 'failure to adhere to corporate formalities, inadequate capitalization, commingling of assets, and use of corporate funds for personal use.</p>	<p><i>East Hampton Union Free School Dist. v Sandpebble Bldrs., Inc.</i>, 66 AD3d 122, 127, 884 N.Y.S.2d 94 (2009), quoting <i>Millennium Constr., LLC v. Loupolover</i>, 44 AD3d 1016, 1017, 845 N.Y.S.2d 110 (2007).</p>
<p>40. An action to pierce the corporate veil and to hold the owners liable for an underlying corporate obligation is</p>	<p><i>Lederer v. King</i>, 214 AD2d 354, 625 N.Y.S.2d 149 [1st Dept. 1995].</p>

D. Alter Ego	Legal Authorities
"equitable in nature" and dependent "on the attendant facts and equities".	
41. A Plaintiff is not required to prove actual fraud in order to pierce the corporate defendant's veil, but [must prove] only that the individual defendant's control of the corporate defendant was used to perpetrate a wrongful or unjust act toward plaintiff.	<i>BP 399 Park Ave. LLC v. Pret 399 Park, Inc.</i> , 150 A.D.3d 507, 508 [1 st Dept. 2017] (citing to (<i>Lederer v King</i> , 214 AD2d 354, 625 N.Y.S.2d 149 [1st Dept. 1995]; <i>Baby Phat Holding Co., LLC v. Kellwood Co.</i> , 123 AD3d 405, 407, 997 N.Y.S.2d 67 (App. Div.1st Dept.)).
42. Under Debtor Creditor law, fraud by an individual is justification to pierce the corporate veil and hold the individual liable for the debts of a corporation.	<i>Commissioners of the State Ins. Fund v Kalafatis</i> , 2011 N.Y. Misc. LEXIS 3469 (NY County Sup. Ct.) (citing to <i>In re Rave Communications, Inc.</i> , 138 B.R. 390 (Bankr. S.D.N.Y. 1992).
43. While fraud certainly satisfies the wrongdoing requirement, other claims of inequity or malfeasance will also suffice.	<i>Baby Phat Holding Co., LLC v. Kellwood Co.</i> , 123 A.D.3d 405, 407[1 st Dept. 2014]; <i>TNS Holdings v. MKI Sec. Corp.</i> , 92 NY2d 335, 339, 703 NE2d 749, 680 N.Y.S.2d 891 (1998)).
44. Courts have recognized piercing of the corporate veil when an individual exercised complete domination of the corporation, which was used to commit a fraud or wrong against the plaintiff, and abused the privilege of doing business in the corporate form.	<i>NPR. LLC v. Met Fin Management, Inc.</i> , 63 A.D.3d 1128, 882 N.Y.S.2d 253 (2nd Dept, 2009), <i>cf. Matter of Morris v. New York State Dept. of Taxation & Fin.</i> , 82 N.Y.2d 135, 623 N.E.2d 1157, 603 N.Y.S.2d 807; <i>Millennium Constr., LLC v. Loupolover</i> , 44 AD3d 1016, 845 N.Y.S.2d 110 (2007).
45. Where an undercapitalized corporation is unable to pay a judgment debt and there has been "disregard of corporate formalities and personal use of corporate funds,[there is] sufficient evidence of wrongdoing to justify piercing the corporate veil".	<i>Austin Powder Co. v. McCullough</i> , 216 AD 2d 825, 827, 628 N.Y.S. 2d 855 (App. Div. 3d Dept. 1995); <i>Walkovszky v. Carlton</i> , 18 N.Y.2d 414, 420, 276 N.Y.S.2d 585, 223 N.E.2d 6 (1966).
46. When a corporation has been so dominated by an individual or another corporation and its separate entity so ignored that it primarily transacts the dominator's business instead of its own and can be called the other's alter ego, the	<i>Austin Powder Co. v. McCullough</i> , 216 A.D.2d 825, 827, 628 N.Y.S. 2d 855 (App. Div. 3d Dept. 1995); <i>First Horizon Bank v. Moriarty-Gentile</i> , 2015 U.S. Dist. LEXIS 165695, (Bankr. E.D.N.Y. 2015); <i>Gardiners Bay Landscape v. Postiglione (In re Postiglione)</i> 2019 Bankr. LEXIS 1887 (Bankr. E.D.N.Y

D. <i>Alter Ego</i>	<i>Legal Authorities</i>
corporate form may be disregarded to achieve an equitable result.	2019); <i>Angelo Tomasso, Inc. v. Armor Construction & Paving, Inc.</i> , 187 Conn. 544, 556-57, 447 A.2d 406 (1982); <i>Balmer v. 1716 Realty LLC</i> , No. 05 CV 839 (NG)(MDG), 2008 U.S. Dist. LEXIS 38113, 2008 WL 2047888 (E.D.N.Y. May 9, 2008).

E. Deceptive Contracts Are Not A Basis For Consideration In New York And Not Enforceable	<i>Legal Authorities</i>
47. The courts will not recognize contracts which rest upon an illegal consideration, and will not order restitution in so far as one has been performed, but may interfere and prevent the arrangement being further consummated in case of partial performance.	<i>Di Tomasso</i> , 250 A.D. 206, 209, 293 N.Y.S. 912, 916 (App. Div. 2nd Dept. 1937).
48. A contract is void in New York and unenforceable as a matter of public policy when its performance would practice fraud or deception on a third party.	<i>Chia Huey Chou v. Remington Tai Che</i> , 2010 U.S. Dist. LEXIS 142766 (E.D.N.Y. 2010) citing to <i>Contemporary Mission, Inc. v. Bonded Mailings, Inc.</i> , 671 F.2d 81, 86 (2d Cir. 1982) (Oakes, C.J. concurring and dissenting)
49. As a matter of public policy, fraud and deception practiced on a third party . . . will invalidate a New York contract, at least where there is a 'direct connection between the illegal transaction . . . and the obligation sued upon.	<i>Chia Huey Chou v. Remington Tai Che</i> , 2010 U.S. Dist. LEXIS 142766 (E.D.N.Y. 2010) (quoting <i>McConnell v. Commonwealth Pictures Corp.</i> , 7 N.Y.S.2d 465, 471, 166 N.E.2d 494, 199 N.Y.S.2d 483 (1960))
50. "[E]ven where a contract is not itself unlawful, the bargain may still be illegal under New York law if it is closely connected with an unlawful act.").	<i>Chia Huey Chou v. Remington Tai Che</i> , 2010 U.S. Dist. LEXIS 142766 (E.D.N.Y. 2010) citing to <i>United States v. Bonanno Organized Crime Family of La Cosa Nostra</i> , 879 F.2d 20, 28 (2d Cir. 1989)
51. Indeed, the Second Circuit has instructed "courts [to] not be timid in voiding agreements which tend to injure the public good or contravene some established interest of society."	<i>Chia Huey Chou v. Remington Tai Che</i> , 2010 U.S. Dist. LEXIS 142766 (E.D.N.Y. 2010) citing to <i>Stamford Bd. of Educ. v. Stamford Educ. Ass'n.</i> , 697 F.2d 70, 73 (2d Cir. 1982).

E. Deceptive Contracts Are Not A Basis For Consideration In New York And Not Enforceable	<i>Legal Authorities</i>
52. If it was agreed that the funds would be deposited with Levine under false pretenses, to not pay federal taxes, the agreement between sellers and Levine would be unenforceable. No cause of action can arise from an agreement which has been documented falsely for an illegal purpose regardless of degree of complicity in scheme.	<i>AQ Asset Mgt. LLC v. Levine</i> , 2013 N.Y. Misc. LEXIS 2054 (N.Y. Sup. Ct., Mar. 28, 2013)

Dated: July 10, 2024

Respectfully submitted,

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Jeffrey P. Nolan

Ilan D. Scharf, Esq.

Jeffrey P. Nolan, Esq. (*admitted pro hac vice*)

PACHULSKI STANG ZIEHL & JONES LLP

780 Third Avenue, 34th Floor

New York, New York 10017

Telephone: (212) 561-7700

Facsimile: (212) 561-7777

Counsel for Plaintiff, the Liquidating Trustee

The Law Office of Eugene R. Scheiman, PLLC

17 State Street
Floor 40
New York, New York 10004

Office: (212) 594-7563
Mobile: (646) 280-9000
Eugene.Scheiman@ScheimanLaw.com

August 5, 2024

The Hon. Alan S. Trust
Chief Judge
United States Bankruptcy Court
Eastern District of New York
Alphonse M. D'Amato U.S. Courthouse
290 Federal Plaza
Central Islip, NY 11722

Re: Case No. 8-20-08049 (AST)

Your Honor,

We represent Arvind Walia and Niknim Management, Inc. in the above noted Adversary Proceeding which was tried before the Court on July 24, 2024.

At closing argument Your Honor requested that the Defendants explain what occurred to some one million three-hundred dollars (\$1.3 million) dollars which were disbursed as funds based on the sale of Porteck Corporation to Physicians Practice Plus, LLC.

After consultation with Mr. Walia, the answer to Your Honor's inquiry appears to be found in Plaintiff's Exhibits 1 (the Asset Purchase Agreement) and 5 (Post Closing payment calculation contained in an email from Mr. Walia to Mr. Parmar and others).

Exhibit 5 shows a deduction from the purchase price of five hundred thousand dollars (\$500,000.00) to pay down an advance (loan), alleged to be by CHT to Porteck. Six hundred thousand dollars (\$600,000.00) was deducted to enable the payment of a loan assumed by CHT. Two hundred thousand dollars (\$200,000.00) was deducted for Abstract fees.

Together the listed deductions on Exhibit 5 contain a record explanation of the "missing" amounts, the

The Law Office of Eugene R. Scheiman, PLLC

details of which Defendant Walia was unable to recall during his cross-examination and questioning by Your Honor.

Respectfully,
Eugene R. Scheiman

Sanford P. Rosen
Rosen & Associates, P.C
747 Third Ave
New York, NY 10017

By email to:
Jeffrey P. Nolan
Pachulsky Stang Ziehl & Jonwa LLP
780 Third Avenue, 34th Floor
New York, NY 10017
jnolan@pszlaw.com



PACHULSKI
STANG
ZIEHL &
JONES

Jeffrey P. Nolan

August 5, 2024

310.772.2313
jnolan@pszjlaw.com

LOS ANGELES

10100 SANTA MONICA BLVD. 13TH FL.
LOS ANGELES, CALIFORNIA 90067-4003
310.277.6910

NEW YORK

780 THIRD AVENUE, 34TH FL.
NEW YORK, NEW YORK 10017-2024
212.561.7700

WILMINGTON

919 NORTH MARKET STREET, 17TH FLOOR.
P.O. BOX 8705
WILMINGTON, DELAWARE 19899-8705
302.652.4100

HOUSTON

700 LOUISIANA STREET, STE. 4500
HOUSTON, TEXAS 77002
713.691.9385

SAN FRANCISCO

ONE SANSOME STREET, 34TH FL. STE. 3430
SAN FRANCISCO, CALIFORNIA 94104
415.263.7000

The Honorable Alan S. Trust
United States Bankruptcy Court
Eastern District of New York
Alfonse M. D'Amato Federal Courthouse
290 Federal Plaza
Central Islip, New York 11722

Re: **In re Orion HealthCorp., Inc., et al.**
Howard M. Ehrenberg v. Arvind Walia; Niknim
Management, Inc.
Adv. Proc. No. 20-08049 (AST)

Dear Judge Trust:

We are counsel for Howard M. Ehrenberg in his capacity as Liquidating Trustee of Orion Healthcorp, Inc., *et al.* (the "Liquidating Trustee") in the above referenced adversary proceeding. I write to address the issue raised by the Court to the parties at the end of Trial: what evidence was introduced as to the discrepancy in price and distribution of funds surrounding the Porteck APA.

As the Court may recall, the Asset Purchase Agreement ("APA") was dated March 2015. [PI Trial Ex 3] On summary judgment, Plaintiff established through the forensic analysis testified to in the Affidavit of Frank Lazzara, that on March 2, 2015, \$9.8 M was deposited from the Debtors' bank account at M&T Bank into the Debtors' IOLA Account which sum was disbursed the following day on March 3, 2015, at the closing. [Dkt No. 57; Aff'd of Frank Lazzara in Support of Plaintiff's SJM, §8] This fact was memorialized in the parties Joint Pretrial Memorandum as an established fact. [Joint Pretrial Memorandum Dkt. No. 137, §19, 20] \$6,800,000 was disbursed to the Sellers and the remaining balance of the sale proceeds, \$3,000,000 was disbursed to First



PACHULSKI
STANG
ZIEHL &
JONES

The Honorable Alan S. Trust
August 5, 2024
Page 2

United Health, LLC, a Paul Parmar controlled entity. [**Joint Pretrial Memorandum, Dkt. No. 137, §20**]

As the Court noted at trial, the Disbursement Authorization and Itemization Form dated March 3, 2015, **PI Trial Ex. 4**, evidences \$7M distributed to the Sellers, or on their behalf, at the closing. Coupled with the First Transfer of \$2.5 M made one year later, a total of \$9,500,000 was distributed to the Defendants. Mr. Walia's testimony at trial was that the purchase price was \$10.8M, which left an unexplained discrepancy of \$1.3M.

Defendant Walia directs the Court to **PI Trial Ex. 5** to explain the discrepancy. **PI Trial Ex 5**, is an email prepared by the Defendant one year removed from the closing. The math in the email is not accurate. The \$600,000 for a "PCA Loan" was already accounted for in the \$7MM disbursed to Seller as part of the Disbursement Authorization and Itemization Form dated March 3, 2015, **PI Trial Ex. 4**. (see entry "People's United Bank, \$597,648.59"). The APA closing documents do not reflect any sum paid to Abstract Business Advisors at closing, let alone \$200,000, and Walia testified at trial this was handled by Parmar.

The testimony of a purchase price of \$10.8M is not corroborated by the trial record.

Respectfully submitted,

/s/ Jeffrey P. Nolan

Jeffrey P. Nolan

cc: Sanford Rosen, Esq.
Counsel for Defendants (Via ECF)

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

-----	:
In re:	: Chapter 11
	:
ORION HEALTHCORP, INC. ¹	: Case No. 18-71748 (AST)
	:
Debtors.	: (Jointly Administered)
-----	:
	:
HOWARD M. EHRENBERG IN HIS CAPACITY AS	: Adv. Pro. No. 20-08049 (AST)
LIQUIDATING TRUSTEE OF ORION	:
HEALTHCORP, INC., ET AL.,	: Trial: July 24, 2024
	: Time: 9:30 a.m.
Plaintiff,	: Place: Courtroom 960
	: U.S. Bankruptcy Court
v.	: 290 Federal Plaza
	: Islip, NY
	:
ARVIND WALIA; NIKNIM MANAGEMENT, INC.,	: PTC: July 17, 2024
	: Time: 1:30 p.m.
Defendants.	: Judge: Hon. Alan S. Trust
	:
-----	:

**NOTICE OF ERRATA AND LODGING OF CORRECTED EXHIBIT A TO TRIAL
BRIEF OF PLAINTIFF, HOWARD M. EHRENBERG AS LIQUIDATING TRUSTEE OF
ORION HEALTHCORP, INC.**

PLEASE TAKE NOTICE that, in connection with the trial in the above-captioned adversary proceeding, Plaintiff Howard M. Ehrenberg, in his capacity as Liquidating Trustee of Orion Healthcorp., Inc. (“Plaintiff”) hereby files this Notice of Errata and lodges a true and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Orion Healthcorp, Inc. (7246); Constellation Healthcare Technologies, Inc. (0135); NEMS Acquisition, LLC (7378); Northeast Medical Solutions, LLC (2703); NEMS West Virginia, LLC (unknown); Physicians Practice Plus Holdings, LLC (6100); Physicians Practice Plus, LLC (4122); Medical Billing Services, Inc. (2971); Rand Medical Billing, Inc. (7887); RMI Physician Services Corporation (7239); Western Skies Practice Management, Inc. (1904); Integrated Physician Solutions, Inc. (0543); NYNM Acquisition, LLC (unknown) Northstar FHA, LLC (unknown); Northstar First Health, LLC (unknown); Vachette Business Services, Ltd. (4672); Phoenix Health, LLC (0856); MDRX Medical Billing, LLC (5410); VEGA Medical Professionals, LLC (1055); Allegiance Consulting Associates, LLC (7291); Allegiance Billing & Consulting, LLC (7141); New York Network Management, LLC (7168). The corporate headquarters and the mailing address for the Debtors listed above is 1715 Route 35 North, Suite 303, Middletown, NJ 07748.

complete copy of the Ruling Conference transcript for the hearing dated April 10, 2024, in the above referenced adversary which includes adversary no. 20-08052(AST) (as the matters were called together on calendar).

Dated: August 8, 2024

Respectfully submitted,
PACHULSKI STANG ZIEHL & JONES LLP

/s/ Jeffrey P. Nolan

Ilan D. Scharf, Esq.
Jeffrey P. Nolan, Esq. (*admitted pro hac vice*)
PACHULSKI STANG ZIEHL & JONES LLP
780 Third Avenue, 34th Floor
New York, New York 10017
Telephone: (212) 561-7700
Facsimile: (212) 561-7777

Counsel for Plaintiff, the Liquidating Trustee

EXHIBIT A

1 UNITED STATES BANKRUPTCY COURT
2 EASTERN DISTRICT OF NEW YORK
3 Case No. 18-71748-ast
4 - - - - - x
5 In the Matter of:
6 ORION HEALTHCORP, INC., et al.,
7 Debtor.
8 - - - - - x
9 Adv. Case No. 20-08049-ast
10 - - - - - x
11 HOWARD M. EHRENBURG, in his capacity as liquidating trustee
12 of Orion HealthCorp, Inc., et al.,
13 Plaintiffs,
14 v.
15 ARVIND WALIA; NIKNIM MANAGEMENT, INC.,
16 Defendants.
17 - - - - - x
18 Adv. Case No. 8-20-08052-ast
19 - - - - - x
20 HOWARD M. EHRENBURG in his capacity as LIQUIDATING TRUSTEE
21 OF ORION HEALTHCORP, INC., et al.,
22 Plaintiffs,
23 v.
24 ABRUZZI INVESTMENTS, LLC,
25 Defendants.

1 - - - - - x
2 United States Bankruptcy Court
3 290 Federal Plaza
4 Central Islip, New York 11722
5
6 April 10, 2024
7 11:29 AM
8
9
10
11
12
13
14
15
16
17
18
19
20
21 B E F O R E :
22 HON ALAN S. TRUST
23 U.S. BANKRUPTCY JUDGE
24
25 ECRO: UNKNOWN

1 HEARING re Recovery Of Certain Transfers

2

3 HEARING re Summary Judgment

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25 Transcribed by: Rita Weltsch

1 A P P E A R A N C E S :

2

3 PACHULSKI STANG ZIEHL & JONES LLP

4 Attorneys for Trustee Howard Ehrenberg

5 780 Third Avenue, 34th Floor

6 New York, NY 10017

7

8 BY: JEFFREY P. NOLAN

9

10 ROSEN & ASSOCIATES

11 Attorneys for Arvind Walia

12 747 Third Avenue

13 New York, NY 10017

14

15 BY: SANFORD P. ROSEN

16

17 THE LAW OFFICE OF EUGENE R. SCHEIMAN, PLLC

18 Attorneys for Niknim Management Inc.

19 570 Lexington Ave, Suite 1600

20 New York, NY 10022

21

22 BY: EUGENE R. SCHEIMAN

23

24

25

1 GIULIANO LAW, P.C.

2 Attorney for the Counter-Claimant Abruzzi Investments

3 445 Broadhollow Road, Suite 25

4 Melville, NY 11754

5
6 BY: ANTHONY F. GIULIANO

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

P R O C E E D I N G S

MR. ROSEN: Good morning, Judge.

THE COURT: Good morning.

MR. ROSEN: You're muted, Judge.

THE COURT: That will make for a short ruling conference.

MR. ROSEN: Sorry. That's better. We can hear you now.

THE COURT: I've been ruling for the last hour-and-a-half. You guys didn't hear it?

MR. ROSEN: I'm so sorry. Can you do it again?

THE COURT: Sorry, my throat is sore now.

CLERK: Good morning. I am Alexis -- excuse me.

THE COURT: It's contagious.

CLERK: Good morning. I am Alexis Hennigan, backup courtroom deputy for Chief Judge Alan S. Trust presiding. These hearings are being recorded. Please speak clearly. Once you hear your case called, please give your appearance. And remember, before speaking please state your name so we can get a clear record of who is appearing. All parties not speaking, please put your phone on mute.

Case Number 20-08049, Howard M. Ehrenberg v. Arvind Walia, et al, and Case Number 20-08052, Howard M. Ehrenberg v. Abruzzi Investments LLC, et al.

THE COURT: Let's take appearances please. First

1 in Walia.

2 MR. ROSEN: Good morning, Judge. Sanford Rosen,
3 Rosen & Associates. And we are counsel for the Defendants.

4 MR. SCHEIMAN: Good morning, Your Honor. Eugene
5 Sheiman with the Law Firm of Eugene Scheiman, co-counsel for
6 the Defendants.

7 MR. NOLAN: Good morning, Your Honor. Jeff Nolan
8 appearing on behalf of the Plaintiffs, Howard Ehrenberg, the
9 Trustee of the Orion Liquidating Trust.

10 MR. EHRENBURG: Good morning, Your Honor. I'm
11 Howard Ehrenberg, the liquidating trustee.

12 THE COURT: All right. Do we have counsel in
13 Abruzzi also?

14 MR. GIULIANO: Yes, Your Honor. Good morning.
15 Good morning, Your Honor. Anthony Giuliano for the
16 defendants in the Abruzzi matter.

17 THE COURT: All right. And Mr. Nolan, you're
18 still representing Mr. Ehrenberg in Abruzzi?

19 MR. NOLAN: Yes, Your Honor. Jeff Nolan appearing
20 on behalf of the plaintiff in the 08052 Abruzzi adversary on
21 behalf of the plaintiff.

22 THE COURT: All right. I'm going to start with
23 the ruling conference in 20-08052, Ehrenberg v. Abruzzi
24 Investments and John Petrozza.

25 This is the Court's ruling made in narrative form

1 under Rule 7052 and will include the Court's findings of
2 undisputed facts and conclusions of law. This is a core
3 proceeding under Title 28, Section 157(b)(2)(H). The venue
4 is proper in this court. Due and proper notice of the
5 various motions have been provided to the parties. The
6 Court has before it Plaintiff-Trustee's motion for summary
7 judgment, the Defendant's cross-motion for summary judgment,
8 and motion to strike, which raises various evidentiary
9 issues.

10 The Court has determined that the following facts
11 are not subject to a genuine dispute and are therefore
12 established in this case pursuant to Rule 56(g) of the
13 Federal Rules of Civil Procedure as incorporated by Rule
14 7056. The Court will also address the myriad evidentiary
15 objections raised by the Defendants to the extent that they
16 relate to the determination that this Court has made as to
17 what facts are not in genuine dispute.

18 This adversary proceeding revolves around one
19 payment, a \$250,000 transfer made to one or more of the
20 defendants. That transfer came prepetition from funds that
21 belonged to one or more of the debtors. Those funds of
22 \$250,000 were ultimately repaid, but repaid to a non-debtor
23 entity. However, for purposes of this summary judgment
24 motion, the only issue before the Court is the transfer that
25 was made of the \$250,000.

1 The Court has determined for the reasons that
2 follow to deny both parties' cross-motions for summary
3 judgment and will issue a trial scheduling order on the
4 pending claims.

5 The Debtors are the various multiple entities that
6 are listed in the adversary proceeding. I won't recite all
7 18 or so of them in the record, but they are apparent on the
8 face of the adversary.

9 Those entities prepetition operated a consolidated
10 enterprise of companies which were aggregated through a
11 series of acquisitions and operated in the healthcare sector
12 space, primarily in revenue and practice management.

13 At all times relevant, John Petrozza, who I will
14 refer to as Petrozza, has been a resident of the State of
15 Florida who did business in New York. His entity, Abruzzi
16 Investments, is a Limited Liability Company that had no
17 employees, no officers, and no directors but was managed by
18 Mr. Petrozza. I'll refer to them collectively as
19 Defendants. The only activity undertaken by Abruzzi was to
20 invest money on Mr. Petrozza's behalf.

21 Between 2015 and 2016, Mr. Petrozza considered
22 Paul Parmar, who was the primary principal of the Debtors,
23 as a close friend. Mr. Parmar was at all relevant times the
24 primary operating person, officer, and controlling
25 shareholder behind the Debtors.

1 In June of 2013, Mr. Petrozza commenced his
2 business relationship with the Debtors when he was
3 approached by Mr. Parmar and asked to invest \$4 million in
4 Constellation Healthcare Investment, which I'll refer to as
5 CHI, which is a non-debtor entity. CHI allegedly held an
6 ownership interest in the Debtor entity, Orion HealthCorp
7 Inc., which I will refer to as Orion. According to the
8 Defendants, their purpose in investing \$4 million in CHI was
9 to acquire 100 percent ownership interest in Orion. Mr.
10 Petrozza subsequently made the \$4 million investment in what
11 he believed was CHI. Additionally, he paid approximately
12 \$300,000 to Orion to cover IPO and expenses associated with
13 his investment. The money paid by Mr. Petrozza was sent to
14 Parmar and subsequently deposited into an IOLTA account held
15 at Robinson Brog Leinwald Greene Genovese & Gluck, referred
16 to as Robinson Brog, in the name of the non-debtor entity,
17 Constellation Health LLC.

18 In December of 2015, the United States District
19 Court for the Southern District of Texas entered a judgment
20 against Orion in the amount of \$194,185. That Southern
21 District of Texas judgement ultimately resulted in a proof
22 of claim being filed in the bankruptcy case and assigned as
23 Claim Number 1000. That judgment remained outstanding at
24 the time the Debtors filed for bankruptcy relief.

25 On March 9th of 2016, a lawsuit was filed against

1 the debtor entities Physician Practice Plus and CHT by a
2 plaintiff called Criterions LLC. On November 30th of 2017,
3 an adverse judgement was entered against those debtors,
4 Physician Practice and CHT, for some \$77,000. That
5 judgement also remained outstanding at the petition date.

6 In November of 2016 as part of a large-scale
7 private transaction involving taking CHT private, Mr.
8 Petrozza met with Mr. Parmar and the board of directors who
9 approved to go-private transaction so they could all make "a
10 gazillion dollars". Petrozza asserted he was an investor in
11 one or more of the debtors at the time of the go-private
12 transaction and wanted to receive a multiple on his \$4
13 million investment.

14 Along the way, several fictitious entities have
15 been created to represent ownership of the equity of CHT.
16 One of those entities was Lexington Landmark Services, Inc.,
17 which as far as Mr. Parmar knew, did not exist as a
18 legitimate business. While his name was signed on certain
19 documents, he claimed his signature was forged and that he
20 never gave Robinson Brog authority to receive monies on
21 behalf of Landmark Services.

22 Mr. Petrozza testified that on May 24th of 2017,
23 he asked Mr. Parmar for a personal loan of \$200,000. He
24 testified that he wanted the money in order to acquire a
25 lease to a certain property in Florida. The Court has not

1 been provided with any specifics concerning what property or
2 what lease.

3 In any event, on that same day, on May 24th, 2017,
4 Mr. Parmar directed partner Mitchell Greene at Robinson Brog
5 to wire \$250,000 from the Debtor's IOLTA account to Mr.
6 Abruzzi. Later that same day at 8:39 p.m., Parmar emailed
7 Mr. Greene to wire the \$250,000 and he did not care which
8 account the funds were taken out of.

9 The next day, May 25, Robinson Brog confirmed to
10 Mr. Parmar that the \$250,000 wire was in fact sent from the
11 Debtor's IOLTA account to Abruzzi. The funds were sent from
12 an account held in the name of Constellation Health/CHT
13 Closing. That transaction is what the pleadings refer to
14 and what the Court will refer to as the Transfer.

15 The Debtor's books and records evidence no
16 antecedent debt owed to the Defendants at any time during
17 the calendar year 2017. Mr. Petrozza could not explain why
18 he asked for \$200,000 but received \$250,000.

19 Mr. Petrozza further testified that shortly after
20 receiving the wire, the deal for the property that he was
21 working on in Florida fell through and he no longer needed
22 the money. He then advised his assistant, Lisa Basich, to
23 return the money to Mr. Parmar. Mr. Parmar then provided
24 wiring instructions to Ms. Basich, who then directed that
25 the funds be wired back as directed by Mr. Parmar.

1 On June 28th of 2017, \$250,000 was liquidated from
2 an investment account of Abruzzi and forwarded to Mr.
3 Petrozza's checking account. The next day, Mr. Abruzzi
4 wired \$250,000 to an entity called Sunshine Star LLC.
5 Sunshine Star was a newly-created entity, not a debtor
6 entity, but was created by or for the benefit of Mr. Parmar
7 and his at that time girlfriend, Elena Sartison. The
8 Debtor's books and records reflect no antecedent debt owed
9 to Sunshine Star during 2017.

10 In October of 2017, Sunshine Star closed the bank
11 account into which the \$250,000 had been wired. Defendants
12 admit that the transfer to Sunshine did not benefit any of
13 the Debtors and that the Defendants had provided no services
14 for the debtors.

15 The multiple entities which ended up filing for
16 bankruptcy on March 16, 2018 include the entities the Court
17 has described thus far. The Debtor's cases had been jointly
18 administered.

19 In July of 2018, Defendant Abruzzi Investment,
20 filed Claim Number 10062, identifying itself as a
21 shareholder of CHT. That day Defendant also filed Claim
22 10063, asserting it held a 49 percent member interest in
23 CHT.

24 This adversary proceeding was commenced in March
25 of 2020. The only transaction at issue for summary judgment

1 purposes, as I said, is the \$250,000 wire transfer sent to
2 Abruzzi on May 25, 2017. That transfer was from the funds
3 that belonged to one or more of the Debtors.

4 The parties have filed various pleadings
5 throughout this case, including an answer and counterclaim,
6 a plaintiff's motion for summary judgment, defendant's
7 cross-motion for summary judgment, and motions to strike
8 various of the evidentiary affidavits submitted by the
9 trustee. The various motions have been on submission with
10 the Court since May of 2022.

11 I will let the parties know it is not this Court's
12 practice to hold matters on submission for nearly that
13 length of time. So the Court's apologies to the parties for
14 the length of time it's taken to get to today's rulings.

15 Standards for summary judgment are well known by
16 the parties. The Court won't recite them. The central
17 issue is whether or not there exists genuine issues of
18 material fact -- whether or not there are genuine issues of
19 material fact that are in dispute such that judgment as a
20 matter of law can or cannot be awarded to either party.

21 Where cross-motions for summary judgment are
22 pending, the Court must make an independent valuation of
23 each motion separately.

24 Even though the Court is denying both summary
25 judgment motions because the matter will ultimately be

1 tried, I'm going to go ahead and give you my evidentiary
2 rulings on the affidavits that were presented to the Court
3 because the Court anticipates those affidavits will appear
4 again at the time of trial and there is no reason to redo
5 these objections.

6 With respect to the affidavit of Edith Wong and
7 the declaration of Frank Lazzara, Defendants have objected
8 under Rule 901 of the Federal Rules of Evidence, which is an
9 authentication requirement. The caselaw that addresses Rule
10 901 is fairly replete that the burden of authentication is
11 not particularly high. The Defendant objects to the Wong
12 affidavit and Lazzar declarations, including emails and
13 other business records that are identified in those
14 declarations because Ms. Wong and Mr. Lazzar did not
15 constitute witnesses with knowledge of the items that are
16 par of what they are claimed to be.

17 However, in a related adversary proceeding arising
18 out of the same Orion case, the same evidentiary objections
19 were raised by the same counsel as here. Anecdotally, the
20 district court in that action determined that personal
21 knowledge is not a requirement for the authentication of
22 written documents in the Second Circuit. See Aquila Alpha
23 v. Ehrenberg, 2023 WL 2164268 *4 (E.D.N.Y. Feb. 22, 2023),
24 affirmed by the Second Circuit, 95 F.4th 98.

25 The evidentiary objections to the Wong affidavit

1 and Lazzar affidavit for 901 purposes are overruled.
2 There's an adequate basis for the Court to accept those
3 documents as part of the summary judgment record, which
4 means that they can then become part of the trial record.

5 As to Ms. Sartison, the Debtor also -- the
6 Defendants also objected to her declaration which contained
7 the opening and closing bank statement of M&T for Sunshine
8 Star, again, based on authentication. Again, there is an
9 adequate basis that's set out in the Sartison affidavit to
10 authenticate those documents, including the Ms. Sartison's
11 declaration that "At the request and direction of Mr.
12 Parmar, I opened an account at M&T Bank for Sunshine Star
13 LLC."

14 As the creator of the bank account for Sunshine,
15 there is clearly enough circumstantial evidence to
16 authenticate the opening and closing statements of that very
17 same bank account. Refer you all back again to Acquila
18 Alpha. Both the District Court's opinion and the Second
19 Circuits affirmed this.

20 The Defendants also object to the Wong and Lazzar
21 declarations as inadmissible expert testimony. However,
22 there is no specific statement contained in either
23 declaration which should be stricken because it is providing
24 an opinion. Both of those declarations were offering fact
25 testimony and aren't proffered as expert testimony, so 703

1 is irrelevant.

2 As far as the Defendant's hearsay objection, that
3 too is overruled obviously under the well-known hearsay
4 exception for business records under 803(6). The records
5 attached are business records and the objection is
6 overruled. Hearsay objections and business records
7 exceptions have been routinely construed in favor of
8 admissibility due to the general trustworthiness of
9 regularly-kept records and the need for this type of
10 evidence in many cases, particularly cases which an
11 independent trustee is appointed to oversee the
12 administration of a case and/or litigation arising
13 therefrom. I'll refer the party to *Arista Records v. Lime*
14 *Group*, 784 F.Supp.2d 398, 421 and *Chevron Corp. v. Donziger*,
15 974 F.Supp.2d 362, 691-692.

16 With respect to the question of whether or not the
17 \$250,000 was property of the estate, the Court has
18 determined that as a matter of law, the funds transferred
19 were property of the bankruptcy estate -- would have been
20 property of the bankruptcy estate had the bankruptcy estate
21 had the bankruptcy case existed at the time that the
22 transfer occurred. The record is undisputed that the
23 Debtors utilized the IOLTA account at Robinson Brog to hold
24 large amounts of funds and for multiple transactions. Just
25 because the fund were held in an IOLTA account does not make

1 them not funds of the Debtors. New York Fiduciary Law
2 Section 4971 is clear that monies that are held by an
3 attorney or held in a fiduciary capacity from a client for a
4 client and/or for a designated beneficial owner. The
5 Debtors had control and custody over the funds while they
6 sat in the Robinson Brog account and had the power to direct
7 their disposition.

8 The Court finds no genuine dispute as to whether
9 or not the funds transferred to the Defendants are
10 recoverable as property of the estate.

11 In terms then of the substantive legal theory,
12 trustee moves forward first on Bankruptcy Code Section
13 548(a)(a), which allows the recovery of any property that
14 was transferred with actual intent to hinder, delay, or
15 defraud any entity to which the Debtor was or became liable,
16 as well as New York DCL Section 276, which provides that
17 every conveyance made and every obligation incurred with
18 actual intent to hinder, delay, or defraud present or future
19 creditors is fraudulent. The two statutes are adequately
20 identical for the Court to conduct one analysis of both.
21 See Janitorial Close-out City Corp., 2013 WL 492375 *5
22 (Bankr. E.D.N.Y. 2013).

23 Transfer may be avoided either under 548(a) of the
24 Bankruptcy Code or New York DCL 276. If the Debtor had an
25 interest in the property transferred, which is undisputed

1 here -- as to which there is no genuine dispute here. The
2 transfer occurred within two years of the petition date.
3 That is undisputed here. And the transfer was made with
4 actual intent to hinder, delay, or defraud a creditor.
5 That's where the factual dispute arises.

6 The trustee has the burden of establishing the
7 actual intent of the transfer or debtor by clear and
8 convincing evidence. See *In re Jacobs*, 394 B.R. 646, 658
9 (Bankr. E.D.N.Y. 2008).

10 Because it is difficult to find direct evidence of
11 actual fraudulent intent, courts in this circuit look to
12 certain badges of fraud which can constitute circumstantial
13 evidence of fraudulent intent. See *In re Kaiser*, 722 F.2d
14 1574, 1582-1583 (2d. Cir. 1983). The parties generally
15 agree on what those badges of fraud can include. Lack of
16 consideration, close association between the parties, the
17 financial condition of the transferor, chronology of events
18 and transactions under inquiry.

19 The Court has determined that a genuine issue of
20 fact disputes as to whether or not there was adequate
21 consideration for the transfer of the \$250,000. In the
22 shortest way to state it, Plaintiff asserts that it was
23 simply a transfer for no consideration. The Defendant
24 asserted it was a loan, and a loan supported by a promise to
25 repay.

1 The Defendants rely on certain text messages to or
2 from Mr. Petrozza where he requests the \$200,000 in exchange
3 for a promise to repay it. The record is clear though that
4 there is no signed promissory note. There doesn't appear to
5 be any interest charged for the loan or any collateral
6 provided.

7 Based upon the entire record before the Court,
8 there is a genuine dispute of material fact as to whether or
9 not there was consideration for the transfer at the time the
10 transfer was made and whether or not that consideration is
11 adequate.

12 On the close relationship, there is a close
13 relationship in this record between Petrozza and Mr. Parmar
14 for the reasons that I've already outlined. There doesn't
15 appear to be any retention of possession or benefit of the
16 property by the Debtor once transferred. Funds went to
17 Petrozza. Petrozza then paid the funds back in the
18 equivalent amount that he received, although he didn't pay
19 it into the right entity.

20 As far as the financial condition of the Debtor
21 before or at the time of the transfer, the undisputed
22 evidence before the Court based upon an expert opinion from
23 B. Reily is that the Debtors were insolvent on the measuring
24 date, the probative date, the date of the transfer. So
25 insolvency condition here exists.

1 In addition, the record is clear that there was
2 the Southern District of Texas judgement outstanding at the
3 time -- prior to the time that the transfer was made and the
4 FBI had seized over \$20 million from the IOLTA account prior
5 to the time of the transfer.

6 Questions certainly do exist concerning the
7 overall chronology of events and whether or not the
8 transaction should have been considered legitimate at the
9 time that it was made, but that is a fact issue for the
10 court to determine after trial.

11 With respect to the Trustee's cause of action for
12 a constructively fraudulent transfer and New York DCL 273-a,
13 New York law is clear that any conveyance made without fair
14 consideration when debtor is a defendant in action for money
15 judgement and a judgement has been docketed against him can
16 be set aside as a constructively fraudulent transfer. To
17 prevail, the Plaintiff must establish that the conveyance
18 was made without fair consideration and for the same reasons
19 that I discussed in connection with the actual fraudulent
20 transfer claim. The Court has found a question of fact as
21 to whether or not there was fair consideration for the
22 transfer at the time it was made. The other elements under
23 273-a have been satisfied as a matter of law by the trustee.

24 Again, as I've noted, the expert insolvency report
25 of Craig Jacobson from B. Reily is unrebutted in the summary

1 judgement record. So Orion was insolvent on May 25, 2017.

2 The fair consideration under Section 272 of DCL,
3 the Court has also found a question of fact as to whether or
4 not the consideration -- whether consideration was provided
5 and whether that consideration was fair for 272 purposes.
6 The Court has also found a question of fact as to whether or
7 not the defendants were operating in good faith at the time
8 that the transfer was made. See Sardis v. Frankel, 113
9 A.D.3d 135, 141-142.

10 So for all of those reasons, both motions for
11 summary judgement have been denied. And again, the motion
12 to strike as to the evidence, the Court has already ruled on
13 that.

14 The Court has also noted in the pleadings that the
15 parties have a serious disagreement about the impact of
16 Section 550 of the Bankruptcy Code. 550 is only triggered
17 once a transfer has been avoided. I won't spend any time
18 talking about 550 because to this point no transfer has been
19 avoided so there is no reason to talk about who might
20 ultimately have liability for the transfer if it were set
21 aside.

22 I'm going to set a trial on the claim in the
23 adversary proceeding. As I said, for Rule 56(g) purposes,
24 the facts that I've identified as undisputed are undisputed
25 for trial purposes. The trial will be limited to the

1 matters on which the Court stated there to be genuine issues
2 of material fact. The Court's intention is to set the
3 matter for trial on July 24th of this year so that the
4 matter can be tried this summer. The Court will issue a
5 trial scheduling order consistent therewith.

6 Mr. Nolan, I'm going to ask you and Mr. Giuliano
7 to work on a short form of order denying both summary
8 judgment motions. You don't need to repeat all of the
9 evidentiary rulings that I've made on the record, but they
10 will -- as I said, those evidentiary rulings will stand
11 should the same declarations and affidavits be submitted at
12 the time of trial, which I suspect they might well be.

13 All right?

14 MR. NOLAN: Yes, Your Honor. Thank you.

15 MR. GIULIANO: Thank you, Your Honor.

16 THE COURT: Thank you both.

17 THE COURT: All right. I'm going to turn now back
18 to 20-08049, Trustee v. Walia. This too is an adversary
19 proceeding seeking recovery of certain transfers. The
20 causes of action set out in the adversary proceeding are
21 core proceedings, which this Court may hear and determine
22 under Title 28, Section 157(b)(2) and the orders of
23 reference in effect in the Eastern District of New York and
24 is proper before this Court.

25 As with the prior adversary proceeding, these

1 matters have been pending for some time. And again, it's
2 not the Court's practice to let matters fester for this
3 long. Apologies to the parties for the length of time it's
4 taken to get to today's ruling.

5 This too is a ruling in narrative form. And under
6 Bankruptcy Rule 7052, it includes the Court's findings of
7 undisputed facts as well as conclusions of law in accordance
8 with 2056(g) of the Federal Rules of Civil Procedures
9 incorporated by Bankruptcy Rule 7056, the facts that are
10 stated by this Court to be undisputed are undisputed for
11 purposes of the ultimate trial.

12 This case involves two transfers sought to be
13 recovered by the trustee through summary judgement. And
14 there's also a partial summary judgement motion by the
15 Defendants. I'll address these together.

16 First, the trustee seeks recovery of a \$2.5
17 million wire transfer made on April 15 of 2016 from an M&T
18 bank account of the Debtors, the Debtor, CHT, that was made
19 to a JP Morgan Chase account, Chase bank account of the
20 defendant, Niknim. A transfer was made at the direction of
21 Mr. Walia and was made in connection with -- arguably made
22 in connection with an asset purchase transaction, which I'll
23 describe in more detail and defined as the Porteck
24 transaction.

25 The second claim is to recover a \$1,520,000 wire

1 transfer made in June of 2017 from the Debtor's Robinson
2 Brog IOLTA account, law firm IOLTA account. That transfer
3 was sent to a JP Morgan Chase bank account of Niknim. I'll
4 refer to that as the second transfer and the \$2.5 million
5 wire as the first transfer. The parties have provided an
6 extensive set of -- extensive joint set of undisputed facts.
7 The parties then separately provided their own proposed
8 undisputed facts.

9 Trustee claims that both the first transfer and
10 the second transfer either intentional fraudulent transfers
11 and/or constructive fraudulent transfers. The defendants in
12 their partial summary judgement motion essentially seek
13 dismissal of the trustee's claims on a standing theory that
14 the trustee lacks standing to use Section 544 of the
15 Bankruptcy Code to invoke the remedies of state law
16 creditors in the New York DCL.

17 For the reasons to follow, the Court is denying
18 the trustee's request for summary judgment on the first
19 transfer, being the \$2.5 million wire transfer made in April
20 of 2016, is granting summary judgment to the trustee on the
21 second transfer claim, the \$1,520,000 transfer made to
22 Niknim in June of 2017. All other relief sought by the
23 Trustee is denied and the Defendant's motion for partial
24 summary judgement is also denied.

25 I am going to direct the parties to return to

1 mediation and I'm going to set a trial date in June of 2024.
2 But I didn't want to jump past that part before I go through
3 the elaborate ruling. But this case will also be set for
4 trial on the remaining claims on July 24th, but I am
5 directing the parties to return to mediation.

6 At all relevant times, the Debtors were a
7 consolidated enterprise of several companies aggregated
8 through a series of acquisitions and operating in the
9 healthcare space, primarily in revenue and practice
10 management services for physician practices. The debtors
11 are as stated in the pleadings. I won't read all of their
12 names back into the record, but they do include the entity
13 Constellation Healthcare Technologies, which is a debtor
14 that I'll refer to as CHT. CHT maintained a checking
15 account at all relevant times at M&T Bank.

16 In 2015, Mr. Paul Parmar was the chief executive
17 officer of CHT and was looking to acquire a medical billing
18 company. He became interested in purchasing Porteck
19 Corporation, which I will refer as Porteck. See joint
20 statement Paragraph 26. At that time, Porteck was a
21 technology services company in the healthcare space owned,
22 controlled, and operated by Defendant, Arvind Walia. Mr.
23 Walia was its CFO.

24 At that time, Porteck had two business lines, AHMS
25 and PC Advantage, which I will refer to as PCA, which both

1 provided medical billing services.

2 Niknim Management Inc, which I call Niknim, is a
3 New York corporation registered and operating from Mr.
4 Walia's residence on 27 Kettlepond Road in Jericho, New
5 York. Mr. Walia was the sole officer, employee, and
6 shareholder of Niknim. Mr. Walia formed Niknim to manage
7 his consulting work, take care of his personal investments,
8 and family trust. Niknim followed no corporate formalities
9 and maintained no resolutions of shareholders or minutes.

10 In March of 2015, the debtor entity Physician
11 Practices Plus acquired the assets of Porteck pursuant to an
12 asset purchase agreement executed that same month. I'll
13 call that the Porteck APA. The sellers were Porteck, Walia,
14 the Walia Trust, and the Janaminder Trust. Mr. Walia
15 executed the APA on behalf of himself and the Janaminder
16 Trust and Porteck. The Walia Truste never signed the APA.

17 Mr. Parmar executed the APA on behalf of the
18 debtor, Physicians Practice. The APA provides for a
19 purchase price of \$12.8 million even though Mr. Walia had
20 agreed in writing to sell the Porteck assets for \$10.8
21 million. The purchase price was juiced up -- my phrase, not
22 the parties. The purchase price was juiced up because Mr.
23 Parmar told Mr. Walia that he needed to add \$2 million as
24 "deal fees". Joint Fact 35.

25 Mr. Walia was unconcerned about the deal price

1 being juiced up, Joint Fact 37.

2 In fact, Mr. Walia testified in his deposition
3 that he really paid no attention to what Mr. Parmar was
4 doing when the APA purchase price was set at \$2 million more
5 than the parties had agreed. When asked when you were
6 negotiating with Mr. Parmar or Orion, "Was the purchase
7 price supposed to be \$10.8 million?"

8 Answer, "Correct."

9 Question, "When did it change to \$12.8 million?"

10 Answer, "At some point Mr. Parmar stated there are
11 fees to close this deal that have to be included in the
12 purchase price. I said as long as my share of the purchase
13 price doesn't change, it doesn't concern me." That's Page
14 134 of Mr. Walia's deposition.

15 The evidence in the record is that the actual deal
16 fees, the fees paid to the abstract business advisor's
17 broker, was \$192,000. So one-tenth or so of the nearly \$2
18 million by which the purchase price was juiced up.

19 In terms of the value of the assets acquired by
20 the debtor entity, the net asset value of the AHMS business
21 was \$1.35 million. The assets were valued at \$2.35 million,
22 but there was still an outstanding \$1 million note. The
23 value of the PCA side was \$2,546,000, but there was still an
24 almost half-million note outstanding, an almost \$1.9 million
25 loan outstanding. So the actual value of the assets as

1 acquired from Porteck at the time that they were acquired
2 was \$1.824 million being the net asset value of AHMS and the
3 net asset value of PCA.

4 Despite the written record of the asset valuation,
5 Mr. Parmar and Mr. Walia agreed to the value of the assets
6 being \$10.8 million and apparently was five times the 204
7 EBITDA of \$2.2 million. And again, that five times multiple
8 is before the \$2 million was added into the transaction.

9 Closing did occur in March of 2015. Bank records
10 provided in the summary judgement evidence memorialized a
11 wire of \$9.8 million from the debtor Constellation
12 Healthcare Technologies to the IOLTA account at Robinson
13 Brog, which was used to close the Porteck sale.

14 Of that \$9.8 million, \$6.8 million was wired on to
15 Mr. Walia and \$3 million went sideways in the vernacular to
16 another non-debtor entity controlled by Mr. Parmar called
17 First United Health.

18 The Court notes this portion of the extensive
19 factual background to the extent that it will ultimately
20 relate to the Court's conclusions after trial as to whether
21 or not there was an intentionally-fraudulent transfer in the
22 second stage of the transaction because the trustee is not
23 seeking to recover the \$6.8 million paid to Walia in the
24 Porteck transaction.

25 Once the Porteck deal closed shortly thereafter in

1 June of 2015, Mr. Walia was installed as the chief executive
2 officer of the Debtor's main operating company, Orion Health
3 Corp., and became the chief technology officer of
4 Constellation Healthcare Technologies. He continued to
5 serve in those capacities through the fall of 2018.

6 While Mr. Walia was CEO of Orion and CTO of
7 Constellation Health Technologies, being on or about April
8 15 of 2016, the debtor, Constellation Health Technologies,
9 transferred \$2.5 million from its JP Morgan account to
10 Niknim. That's what I referred to earlier as the first
11 transfer.

12 The dispute between the parties seems to center
13 around a portion of the asset purchase agreement which
14 concerns the alleged balance of the purchase price and the
15 need for funds to be escrowed in accordance with Section 1.6
16 of the APA. In his affidavit at Docket 64, Mr. Walia
17 testifies that the stated purpose of the escrow arrangement
18 was to protect the rights of Physicians Practice, the actual
19 acquirer, as purchaser under the Porteck APA to receive \$2.5
20 million to the extent such funds were required to indemnify
21 Physicians Practice.

22 As a practical matter, the arrangement was not
23 necessary to protect the buyer because it simply withheld
24 payment of the \$2.5 million.

25 As far as what the parties' written agreement

1 calls for, however, Section 1.6 of the APA provides that for
2 purposes of partially-securing the seller's obligations, the
3 amount of \$2,500,000 shall be delivered by the buyers at
4 closing to the escrow agent by wire transfer of immediately
5 available funds pursuant to an escrow agreement
6 substantially in the form attached as Exhibit A to the APA.
7 Other conditions are stated in the APA concerning what the
8 escrow agreement would look like.

9 Section 1.6 clearly required certain conditions of
10 the escrow including that it be established and that it be
11 funded upon occurrence of certain events. However, no
12 escrow agreement was ever executed and no escrow account was
13 ever established. See Joint Facts 46 through 49.

14 Despite Walia's assertion that the \$2.5 million
15 was owed to him or his company, the books and records of the
16 Debtor reflect no antecedent debt at the year ending
17 December 2015. There is no antecedent debt reflected --
18 there is no debt reflected on the books and records as being
19 owed to Walia or Niknim. The Debtor's books and records
20 reflect no debt being owed as a result of the Porteck
21 transaction as of the end of 2015.

22 The Debtor's 2016 books and records did not
23 evidence the satisfaction of any antecedent debt of \$2.5
24 million or any increase in the net assets of the Debtors as
25 a result of that \$2.5 million transfer.

1 The Trustee asserts that the \$2.5 million transfer
2 was fraudulent based in part on an email that Mr. Parmar
3 sent to Mr. Walia on the date of the transfer, stating, "I
4 am willing to give you \$3.5 million in return for you to
5 allow me to structure it properly internally, which requires
6 I close the file with the \$2 million payment."

7 On the same day as that email, the Debtor
8 transferred \$2.5 million from its M&T account, the M&T
9 account of CHT to the JP Morgan account of Niknim. That
10 transfer was sent at Mr. Walia's direction. The parties
11 concede that that transfer occurred within two years prior
12 to the petition date.

13 The second transfer at issue involves a 2017
14 transaction and agreement under which Mr. Walia agreed to
15 sell to Mr. Parmar or a designated entity a software company
16 that Mr. Walia indirectly owned called AllRad Direct LLC,
17 which at that time was a successful software company. Mr.
18 Walia owned AllRad indirectly through his ownership of an
19 entity, Object Tech Holding LLC.

20 The sale was memorialized by a membership interest
21 purchase agreement, or MIPA, dated June 2017 between Object
22 Tech as seller and Physicians Healthcare Network Management
23 Solutions as buyer. That entity, Physicians Network
24 Solutions, is not and was not one of the Debtors, but was
25 again a third party entity owned or controlled by Mr.

1 Parmar.

2 The MIPA required a due diligence report and the
3 negotiations required the diligence report to be prepared in
4 connection with the sale, but that due diligence report was
5 never completed. The MIPA required various schedules to be
6 provided. Those schedules were never completed. The MIPA
7 had multiple sections which were never completed, such as
8 1.3, earnout payments; 1.4, discharge of debts and
9 liabilities, maintenance of working capital. The MPIA also
10 called for certain revenue projections, balance sheets or
11 statements of assets and liabilities to be provided. Those
12 were never provided. State and federal tax returns that
13 were called for under the MIPA from the sellers were never
14 provided. And the Debtor's board of directors never
15 approved the purchase. See Joint Statements of Fact 60 to
16 62, 66, 68, and 69.

17 Despite these deficiencies, the MIPA sale closed
18 in June of 2017 and Debtor's funds, \$1,520,000, was wired
19 out of the Robinson Brog IOLTA account to the Niknim bank
20 account at JP Morgan Chase. Correspondingly, all of the
21 shares of AllRad were transferred, but transferred to the
22 non-debtor entity, Physicians Network Solutions. No assets
23 were ever transferred in connection with the AllRad Object
24 Tech transaction to any of the debtors.

25 At no point during 2017 did any of the debtors'

1 books and records evidence an antecedent debt of \$1,520,000
2 or any other debt owed to either of the defendants in
3 connection with Object Tech or AllRad. In fact, the
4 debtors' books and records do not evidence the satisfaction
5 of any antecedent debt or increase in net assets of the
6 debtors through the acquisition of the interest in Object
7 Tech or AllRad. The second transfer occurred within eight
8 months prior to the petition date, so well within the two-
9 year period.

10 With respect to the Court's legal determinations,
11 again, I won't recite the standard for summary judgment.
12 It's well-known by the parties. The Court has determined
13 that there are certain material facts which are not disputed
14 and other material facts as to which a genuine dispute does
15 exist. I've set out under Rule 56(g) the facts which are
16 undisputed for summary judgment purposes. And therefore for
17 the remaining portions of the adversary proceeding are also
18 undisputed for trial purposes.

19 I'm first going to turn to Sections 548(a) of the
20 Bankruptcy Code for actual fraudulent transfer and New York
21 DCL 273-A. Bankruptcy Code Section 548(a)(1)(B) allows a
22 trustee to avoid any transfer of an interest that was made
23 two years prior to the petition date if it was an actual
24 fraudulent transfer. New York DCL Section 273(a) provides
25 that every conveyance made without fair consideration when

1 the person making it is a defendant in an action for money
2 damages or a judgement in such action has been docketed
3 against him, it's fraudulent as to the plaintiff in that
4 action without regard to the actual tent of the defendant if
5 the debtor fails to satisfy the judgement. See Lyman
6 Commerce v. Lung, 2015 U.S. District LEXIS 51447, *17
7 (S.D.N.Y. 2015).

8 Whereas here a judgment has already been docketed
9 under New York DCL 273-A, there is no requirement that the
10 transfer at issue have rendered the debtor insolvent. See
11 Cadle Company v. Newhouse, 2002 U.S. Dist. LEXIS 15173
12 (S.D.N.Y. Aug. 16, 2002).

13 Here, there was a final judgment entered in the
14 Southern District of Texas in excess of \$200,000 in December
15 of 2015. That judgement preceded both of the transfers at
16 issue and remained outstanding at the time of the bankruptcy
17 petitions. Proof of claim was filed on behalf of that
18 judgement creditor. Thus that federal court judgment is
19 sufficient as a matter of law to satisfy DCL 273-A as to any
20 transfer which was made which lacked fair consideration.

21 Trustee has also alleged under New York DCL 273,
22 274 and 275 that both transfers were not made in good faith
23 or for fair consideration. Conveyance is vulnerable to
24 attack by a creditor without regard to the actual intent of
25 the transferor if the -- without -- if the transfer is

1 considered to have been in constructive fraud of creditors.

2 See Laco X-Ray, 88 A.D.2d 425.

3 The transfer is constructively fraudulent if made
4 without fair consideration of any if the following
5 conditions are met. The transferor is insolvent or would be
6 rendered insolvent by the transfer in question. There is no
7 solvency analysis in this adversary proceeding. Transferor
8 is engaged in or is about to engage in a transaction which
9 has a reasonably small capital or the transferor believes it
10 will incur debt beyond its ability to pay.

11 Even if there is fair consideration, a transfer is
12 constructively fraudulent in the absence of good faith on
13 the part of both the transferor and the transferee. CIT
14 Group v. 160-09 Jamaica Avenue, 25 A.D.3d 301, 303.

15 This Court, as I've stated at the outset, has
16 determined that genuine issues of material fact exist as to
17 whether or not the first transfer can be avoided either as
18 an actual intent fraudulent transfer or as a constructive
19 fraudulent transfer.

20 Those issues include whether or not the first
21 transfer was in fact a payment due in connection with the
22 Porteck sale despite the noncompliance with the escrow
23 provisions of a purchase agreement.

24 However, there are no genuine issues of material
25 fact as to the second transfer at least as to the direct

1 payment to the defendant, Niknim. It's undisputed that the
2 second transfer of funds that belonged to the debtor. Those
3 funds were paid to a third-party corporation in connection
4 with a transaction by which assets were conveyed to a non-
5 debtor entity, being Physician Network Solutions, an entity
6 controlled by Mr. Parmar.

7 Physicians Network was owed no antecedent debt.
8 Niknim was owed no antecedent debt, and there is no
9 consideration in that transaction for the debtors.

10 As far as the intentional fraudulent claim under
11 548, Bankruptcy Code Section -- excuse me. That section
12 allows the trustee to avoid any transfer made within two
13 years before the petition date if made with actual intent to
14 hinder, delay, or defraud any creditor to which the debtor
15 was or became liable.

16 Similarly, under New York DCL 276, every
17 conveyance made or obligation occurred with actual intent to
18 hinder, delay, or defraud present or future creditors is
19 voidable. As this Court had stated in (indiscernible)
20 closeout the statutes are -- the statutes are analogous and
21 can be analyzed together.

22 An actual fraudulent transfer can be made -- can
23 be found, excuse me, where a debtor had an interest in the
24 property transferred, which it did in both transfers. The
25 transfer occurred within two years of the petition date.

1 Again, it did in both transfers. But the transfer was made
2 with actual intent to hinder, delay, or defrauded a
3 creditor. See In re Jacobs, 394 B.R. 646, 658-653 (Bankr.
4 E.D.N.Y. 2008), which requires the trustee to establish
5 actual intent of the transferor by clear and convincing
6 evidence.

7 As typically in fraudulent and actual fraud
8 settings, the courts typically look to various badges of
9 fraud. I'll highlight those that the Court has considered
10 here for trial purposes.

11 First is as far as lack or inadequacy of
12 consideration. This Court has already noted in respect to
13 the Porteck transaction that the agreed sale price of \$10.8
14 million was juiced up by \$2 million at Mr. Parmar's request.
15 Mr. Walia was aware of the inflation of the purchase price
16 and essentially didn't care.

17 As I've already noted, the APA under the Asset
18 Purchase Agreement for Porteck established various
19 requirements for an escrow agreement and the funding of an
20 escrow account, none of which occurred. Various disclosure
21 documents, due diligence requirements were required in the
22 purchase transaction. None were provided.

23 As far as the AllRad transaction is concerned, the
24 Debtors gave up \$1.52 million and got nothing in exchange.

25 As far as close or family relationship, it's clear

1 that Mr. Parmar and Mr. Walia were both officers and
2 insiders at the time of both transfers. They knew each
3 other going back to at least 2015. They both served in the
4 highest level of officer positions at the debtors Orion and
5 CHT. Mr. Walia was clearly an insider of the debtors at the
6 time of both the first and second transactions.

7 On financial condition, there's no solvency
8 analysis here so the Court is not passing on solvency at the
9 time of the transfer.

10 The Court has determined that genuine issues of
11 material fact exist as to whether the first transfer, the
12 \$2.5 million in Porteck, can be avoided as an intentionally
13 fraudulent transfer either under the Bankruptcy Code or New
14 York DCL.

15 Again, as to defendant Niknim in the second
16 transfer, there are no genuine issues of material fact.
17 There was no fair consideration in that transaction for the
18 debtor estate for the \$1.52 million.

19 I want to turn just for a couple of minutes to the
20 recovery theory of the trustee against the defendants Walia
21 and Niknim. Not the liability theory. Liability theories
22 are clear, but the recovery theory.

23 With respect to the \$1.52 million fraudulent
24 transfer, the trustee seeks recovery both against Niknim,
25 who received the money, and defendant Walia given his

1 control position at Niknim.

2 Under New York law, a creditor may recover money
3 damages against parties who participated in a fraudulent
4 transfer and are either transferees of the assets or
5 beneficiaries of the conveyance. See *Tae H. Kim v. Jisung*
6 *Yoo*, 311 F.Supp.3d 598, 613 (S.D.N.Y. 2008) and
7 *Cadle Co. v. Newhouse*, 74 F. App'x 152, 153 (2d Cir. 2003).

8 The Court has determined that genuine issues of
9 material fact exist as to whether Mr. Walia individually
10 adequately participated in or adequately benefitted from the
11 \$1.25 million payment that was made to Niknim. So summary
12 judgment is not granted on that portion.

13 The trustee has also asserted that defendants
14 Walia and Niknim were alter egos of each other and should be
15 held jointly severally liable on an alter-ego veil piercing
16 analysis. New York law is clear that alter ego liability
17 exists when a parent or owner uses the corporate form to
18 achieve fraud for when the corporation has been so dominated
19 by an individual or another corporation, that separate
20 identity has been so disregarded that -- excuse me, that its
21 separate identity should be disregarded. See *City of Almaty*
22 *v. Ablyazov*, 2019 U.S. Dist. LEXIS 55183, *14 (Bankr.
23 S.D.N.Y. 2019). Courts consider factors such as whether or
24 not the owner of the corporation has abused the privilege of
25 doing business in corporate form, whether there has been a

1 failure to adhere to corporate formalities, inadequate
2 capitalization, comingling of assets, or use of corporate
3 funds for personal use. See East Hampton Union Free School
4 District v. Sandpebble Builders, 66 A.D.3d 122, 127.

5 The Court is not prepared to conclude that the
6 trustee has met his burden of proof as a matter of law on
7 alter ego liability of Mr. Walia in connection with the
8 \$1.52 million transaction with Niknim.

9 That said, the Court has found for Rule 56(g)
10 purposes certain alter ego facts to be undisputed and
11 therefore found for purposes of trial. Those are Niknim was
12 incorporated in 2015 and at all times had a single employee,
13 officer, and shareholder, Mr. Walia. Niknim was formed to
14 manage Walia's consulting work, his personal investments,
15 and his family trust. Niknim was paid by the Debtor as a
16 personal accommodation to Mr. Walia for tax purposes.

17 Walia was receiving money from Orion in 2017,
18 which he would deposit at his convenience either into his
19 personal checking account or an account of Niknim.

20 In 2016 and 2017, Walia would deposit monies from
21 his other investments, his family trust and his wife's
22 account into Niknim bank account. Walia used the Niknim
23 account to pay personal expenses of his such as pool
24 maintenance, purchasing suits, salon treatments, voice
25 lessons, homeowner dues, and car payments. Niknim followed

1 and observed no corporate formalities and maintained no
2 resolutions or shareholder minutes. Niknim was initially
3 capitalized with one or two-thousand dollars. So even
4 though the Court has not found as a matter of law alter ego,
5 those facts are established for purposes of trial.

6 I'll turn briefly now to the defendant's partial
7 summary judgement motion. As stated near the outset, it's
8 essentially arguing that the trustee lacks creditor standing
9 under Section 544 to invoke the New York DCL provisions.

10 The rights available through 541(b) of the
11 Bankruptcy Code are limited to those of an existing
12 unsecured creditor and are derivative of the rights of an
13 actual unsecured creditor. See Lippe v. Bairnco Corp., 225
14 B.R. 846, 852 (S.D.N.Y. 1998).

15 Creditors seeking recovery through Section 544(b)
16 can only attack transfers to the extent a creditor with an
17 allowable claim could do so under New York law. Here, it's
18 clear and undisputed that the trustee has adequate standing
19 to utilize Section 544(b) and thereby use the rights of
20 creditors under New York DCL Law given the existence of
21 unsatisfied judgements at the time of each of the two
22 transfers.

23 In addition, the Trustee has noted in its summary
24 judgment pleadings the existence of over \$100 million of
25 unsecured claimants that existed at the time of each of the

1 transfers. So the request for summary judgment of the
2 defendants is also denied.

3 I'm going to direct, Mr. Nolan, that you and Mr.
4 Rosen and Mr. Scheiman work on a form of order. It simply
5 needs to recite granting the relief and denying the relief
6 as set out on the record today. It doesn't need to be a
7 significant restating of the why reasons. The why reasons
8 are all part of the record of an order granting the summary
9 judgment relief that was granting and denying all remaining
10 relief. As I stated, I am directing the parties to return
11 to mediation. I know that you all went, didn't settle.
12 Hopefully with the resolution, at least partial resolution
13 of some of the issues today, the parties can engage in a
14 more meaningful effort to resolve the claims for which
15 liability has been determined and those that remain.

16 I'm also going to set a trial down to start July
17 24th. I'll set my pretrial requirements. While that's only
18 90 days from today but also several years from when the
19 litigation started, I think you all generally know what
20 you're going to bring to the trial. So there's not a lot of
21 reinventing of wheels that need to be done. I expect I'll
22 see the same declarations and probably not a whole lot more,
23 but I'll get to observe witness testimony at least through
24 cross-examination and make the necessary credibility
25 assessments that I need to make to close the gap on the

1 issues that the Court was not prepared to make dispositive
2 findings as a matter of law today.

3 All right? Anything else we need to address today
4 then on this adversary proceeding?

5 UNIDENTIFIED SPEAKER: I guess just a couple
6 points of clarification, Your Honor. Do we want to set a
7 date -- the Court is setting a date by mediation in like the
8 next 30 days?

9 THE COURT: Thank you. So the Court's
10 anticipation was within 30 days from now you would go back
11 to the mediator. I don't remember who you all used before.
12 You can go back to him or her, you can start over with
13 someone different. It seems to be more cost-effective and
14 time-efficient to go back to who you all used before, but I
15 will leave that to the parties.

16 I'm envisioning that as something that can be done
17 in the next 30 days so that you essentially have -- it's
18 three chunks of 30 days. You've got 30 days to try to
19 settle it, 30 days to prepare for whatever else you need to
20 submit for pretrial purposes, and then 30 days to prepare
21 for the trial. Those are somewhat permeable deadlines, but
22 I think that give you all time to focus on settlement before
23 refocusing on the trial.

24 UNIDENTIFIED SPEAKER: Okay. And as far as trial,
25 Your Honor, are you in Brooklyn now?

1 THE COURT: I am in Central Islip.

2 UNIDENTIFIED SPEAKER: Okay. So we have the
3 opportunity to be present, or are we doing it by Zoom or...

4 THE COURT: Trial will be in-person under judicial
5 conference protocol since we have exited the Zoom -- exited
6 the COVID period. Because I anticipate I'm going to be
7 taking live testimony, that would be taken live and in-
8 person. So the witnesses will need to be here in my
9 courtroom. I will use my ongoing protocol that I hold my
10 trials in Central Islip and I hold my settlement conference
11 in Brooklyn if that's of any help to you, although July on
12 Long Island tends to be a very beautiful time of year I am
13 told.

14 UNIDENTIFIED SPEAKER: You're told. All right.

15 THE COURT: Some of you may be on your way to or
16 from other summer residences that you maintain, borrow, or
17 lease out further east from the courthouse. So it's a
18 beautiful time of year on Long Island and not so bad in
19 Central Islip.

20 UNIDENTIFIED SPEAKER: It's a beautiful time to be
21 there, Judge.

22 THE COURT: And I'll set aside adequate time to
23 get the case tried. We're holding July 24th and July 25th,
24 but I gave the 24th, part of that morning to the other
25 adversary proceeding.

1 UNIDENTIFIED SPEAKER: Okay. Judge, I just want
2 to say thank you to you and your chambers for the many, many
3 accommodations in terms of the adjournments of the hearings
4 on the motion. So thank you.

5 UNIDENTIFIED SPEAKER: I would like to add my
6 thanks also, Your Honor. I appreciate it very much. And I
7 have nothing further to add.

8 THE COURT: Well, I know you all prefer hearing
9 yourselves argue than me rule, but I know we had teed this
10 up for summary judgment arguments. But again, given the
11 delays that have just happened in the adversary proceeding
12 and my desire for it no longer to sit without resolution,
13 you'll still have time to practice your well-honed skills in
14 my courtroom examining witnesses as opposed to arguing to
15 that little dot on your computers that constitutes a camera.
16 So you'll have plenty of time to mix it up live out here
17 unless you take it out of my hands and resolve it. All
18 right?

19 UNIDENTIFIED SPEAKER: Well, we'll certainly try
20 to, Your Honor.

21 THE COURT: All right. So then we'll be adjourned
22 -- yes.

23 UNIDENTIFIED SPEAKER: Thank you very much.

24 THE COURT: Thank you all. (indiscernible) we'll
25 go off the record. Thank you.

(Whereupon these proceedings were concluded)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

RULINGS

	Page	Line
Trustee's Motion for Summary Judgment		
on First Transfer Denied	8	2
Trustee's Motion for Summary Judgment		
on Second Transfer Granted	8	5
Defendant's Motion for Summary		
Judgement Denied	25	12

C E R T I F I C A T I O N

I, Rita Weltsch, certified that the foregoing
transcript is a true and accurate record of the proceedings.



Rita Weltsch

Veritext Legal Solutions

330 Old Country Road

Suite 300

Mineola, NY 11501

Date: April 25, 2024

&	12.8 27:19 28:9	2.5 24:16 25:4	2018 13:16,19
& 4:3,10 7:3	12151 49:7	25:19 30:9,19	30:5
10:15	122 41:4	30:24 31:14,23	2019 40:22,23
0	127 41:4	31:25 32:1,8	2020 13:25
08052 7:20	134 28:14	39:12	2022 14:10
1	135 22:9	20 21:4	2023 15:23,23
1 28:22 34:21	14 40:22	20-08049 1:9	2024 2:6 26:1
1,520,000	141-142 22:9	6:22 23:18	49:25
24:25 25:21	15 24:17 30:8	20-08052 6:23	204 29:6
33:18 34:1	15173 35:11	7:23	2056 24:8
1.25 40:11	152 40:7	200,000 11:23	2164268 15:23
1.3 33:8	153 40:7	12:18 20:2	22 15:23
1.35 28:21	157 8:3 23:22	35:14	225 42:13
1.4 33:8	1574 19:14	2002 35:11,12	24th 11:22
1.52 38:24	1582-1583	2003 40:7	12:3 23:3 26:4
39:18,23 41:8	19:14	2008 19:9 38:4	43:17 45:23,24
1.6 30:15 31:1	16 13:16 35:12	40:6	25 5:3 12:9
31:9	160-09 36:14	2013 10:1	14:2 22:1
1.824 29:2	1600 4:19	18:21,22	36:14 48:12
1.9 28:24	17 35:6	2015 9:21	49:25
10 2:6	18 9:7	10:18 26:16	250,000 8:19
10.8 27:20 28:7	18-71748 1:3	27:10 29:9	8:22,25 12:5,7
29:6 38:13	192,000 28:17	30:1 31:17,21	12:10,18 13:1
100 10:9 42:24	194,185 10:20	35:6,7,15 39:3	13:4,11 14:1
1000 10:23	1983 19:14	41:12	17:17 19:21
10017 4:6,13	1998 42:14	2016 9:21	25th 45:23
10022 4:20	2	10:25 11:6	26 26:20
10062 13:20	2 8:3 23:22	24:17 25:20	27 27:4
10063 13:22	27:23 28:4,17	30:8 31:22	272 22:2,5
113 22:8	29:8 32:6	41:20	273 21:12,23
11501 49:23	38:14 48:6	2017 11:2,22	34:21,24 35:9
11722 2:4	2,500,000 31:3	12:3,17 13:1,9	35:19,21
11754 5:4	2,546,000	13:10 14:2	274 35:22
11:29 2:7	28:23	22:1 25:1,22	275 35:22
12 48:12	2.2 29:7	32:13,21 33:18	276 18:16,24
	2.35 28:21	33:25 41:17,20	37:16

[28 - actual]

Page 2

28 8:3 23:22	541 42:10	784 17:14	accommodat...
28th 13:1	544 25:14 42:9	8	41:16
290 2:3	42:15,19	8 48:6,9	accommodat...
2d 19:14 40:7	548 18:13,23	8-20-08052	46:3
3	34:19,21 37:11	1:18	accordance
3 29:15	550 22:16,16	803 17:4	24:7 30:15
3.5 32:4	22:18	846 42:14	account 10:14
30 44:8,10,17	55183 40:22	852 42:14	12:5,8,11,12
44:18,18,19,20	56 8:12 22:23	88 36:2	13:2,3,11
300 49:22	34:15 41:9	8:39 12:6	16:12,14,17
300,000 10:12	570 4:19	9	17:23,25 18:6
301 36:14	598 40:6	9.8 29:11,14	21:4 24:18,19
303 36:14	6	90 43:18	24:19 25:2,2,3
30th 11:2	6 17:4	901 15:8,10	26:15 29:12
311 40:6	6.8 29:14,23	16:1	30:9 31:12
330 49:21	60 33:15	95 15:24	32:8,9,9 33:19
34th 4:5	613 40:6	974 17:15	33:20 38:20
35 27:24	62 33:16	98 15:24	41:19,19,22,22
362 17:15	64 30:16	9th 10:25	41:23
37 28:1	646 19:8 38:3	a	accurate 49:4
394 19:8 38:3	658 19:8	a.d.2d 36:2	achieve 40:18
398 17:14	658-653 38:3	a.d.3d 22:9	acquila 16:17
4	66 33:16 41:4	36:14 41:4	acquire 10:9
4 10:3,8,10	68 33:16	ability 36:10	11:24 26:17
11:12 15:23	69 33:16	ablyazov 40:22	acquired 27:11
421 17:14	691-692 17:15	abruzzi 1:24	28:19 29:1,1
425 36:2	7	5:2 6:24 7:13	acquirer 30:19
445 5:3	703 16:25	7:16,18,20,23	acquisition
46 31:13	7052 8:1 24:6	9:15,19 12:6	34:6
49 13:22 31:13	7056 8:14 24:9	12:11 13:2,3	acquisitions
492375 18:21	722 19:13	13:19 14:2	9:11 26:8
4971 18:2	74 40:7	absence 36:12	action 15:20
5	747 4:12	abstract 28:16	21:11,14 23:20
5 18:21 48:9	77,000 11:4	abused 40:24	35:1,2,4
51447 35:6	780 4:5	accept 16:2	activity 9:19
			actual 18:14,18
			19:4,7,11

21:19 28:15,25 30:18 34:20,23 35:4,24 36:18 37:13,17,22 38:2,5,7 42:13 add 27:23 46:5 46:7 added 29:8 addition 21:1 42:23 additionally 10:11 address 8:14 24:15 44:3 addresses 15:9 adequate 16:2 16:9 19:20 20:11 42:18 45:22 adequately 18:19 40:10,10 adhere 41:1 adjourned 46:21 adjournments 46:3 administered 13:18 administration 17:12 admissibility 17:8 admit 13:12 adv 1:9,18 advantage 26:25	adversary 7:20 8:18 9:6,8 13:24 15:17 22:23 23:18,20 23:25 34:17 36:7 44:4 45:25 46:11 adverse 11:3 advised 12:22 advisor's 28:16 affidavit 15:6 15:12,25 16:1 16:9 30:16 affidavits 14:8 15:2,3 23:11 affirmed 15:24 16:19 agent 31:4 aggregated 9:10 26:7 agree 19:15 agreed 27:20 28:5 29:5 32:14 38:13 agreement 27:12 30:13,25 31:5,8,12 32:14,21 36:23 38:18,19 ahead 15:1 ahms 26:24 28:20 29:2 al 1:6,12,21 6:23,24 alan 2:22 6:16 alexis 6:13,15	alleged 30:14 35:21 allegedly 10:5 allow 32:5 allowable 42:17 allows 18:13 34:21 37:12 allrad 32:16,18 33:21,23 34:3 34:7 38:23 almaty 40:21 alpha 15:22 16:18 alter 40:14,15 40:16 41:7,10 42:4 amount 10:20 20:18 31:3 amounts 17:24 analogous 37:20 analysis 18:20 36:7 39:8 40:16 analyzed 37:21 anecdotally 15:19 answer 14:5 28:8,10 antecedent 12:16 13:8 31:16,17,23 34:1,5 37:7,8 anthony 5:6 7:15	anticipate 45:6 anticipates 15:3 anticipation 44:10 apa 27:13,15 27:16,17,18 28:4 30:16,19 31:1,6,7 38:17 apologies 14:13 24:3 app'x 40:7 apparent 9:7 apparently 29:6 appear 15:3 20:4,15 appearance 6:19 appearances 6:25 appearing 6:20 7:8,19 appointed 17:11 appreciate 46:6 approached 10:3 approved 11:9 33:15 approximately 10:11 april 2:6 24:17 25:19 30:7 49:25
--	---	--	---

aquila 15:22	33:11,22 34:5	39:12	24:6,9 25:15
aren't 16:25	37:4 40:4 41:2	awarded 14:20	34:20,21 35:16
arguably 24:21	assigned 10:22	aware 38:15	37:11 39:13
argue 46:9	assistant 12:22	b	42:11
arguing 42:8	associated	b 2:21 8:3	based 16:8
46:14	10:12	20:23 21:25	20:7,22 32:2
arguments	associates 4:10	23:22 34:21	basich 12:22
46:10	7:3	42:10,15,19	12:24
arises 19:5	association	b.r. 19:8 38:3	basis 16:2,9
arising 15:17	19:16	42:14	beautiful 45:12
17:12	ast 1:3,9,18	back 12:25	45:18,20
arista 17:13	attached 17:5	16:17 20:17	behalf 7:8,20
arrangement	31:6	23:17 26:12	7:21 9:20
30:17,22	attack 35:24	39:3 44:10,12	11:21 27:15,17
arvind 1:15	42:16	44:14	35:17
4:11 6:23	attention 28:3	background	believed 10:11
26:22	attorney 5:2	29:19	believes 36:9
aside 21:16	18:3	backup 6:16	belonged 8:21
22:21 45:22	attorneys 4:4	bad 45:18	14:3 37:2
asked 10:3	4:11,18	badges 19:12	beneficial 18:4
11:23 12:18	aug 35:12	19:15 38:8	beneficiaries
28:5	authenticate	bairnco 42:13	40:5
asserted 11:10	16:10,16	balance 30:14	benefit 13:6,12
19:24 40:13	authentication	33:10	20:15
asserting 13:22	15:9,10,21	bank 13:10	benefitted
assertion 31:14	16:8	16:7,12,14,17	40:10
asserts 19:22	authority	24:18,19 25:3	better 6:7
32:1	11:20	26:15 29:9	beyond 36:10
assessments	available 31:5	33:19 41:22	billing 26:17
43:25	42:10	bankr 18:22	27:1
asset 24:22	ave 4:19	19:9 38:3	board 11:8
27:12 28:20	avenue 4:5,12	40:22	33:14
29:2,3,4 30:13	36:14	bankruptcy	books 12:15
38:17	avoid 34:22	1:1 2:2,23	13:8 31:15,18
assets 27:11,20	37:12	10:22,24 13:16	31:19,22 34:1
28:19,21,25	avoided 18:23	17:19,20,20,21	34:4
29:5 31:24	22:17,19 36:17	18:12,24 22:16	

borrow 45:16	capacities 30:5	cfo 26:23	claimants
briefly 42:6	capacity 1:11	chambers 46:2	42:25
bring 43:20	1:20 18:3	change 28:9,13	claimed 11:19
broadhollow	capital 33:9	charged 20:5	15:16
5:3	36:9	chase 24:19,19	claims 9:4 25:9
brog 10:15,16	capitalization	25:3 33:20	25:13 26:4
11:20 12:4,9	41:2	checking 13:3	43:14
17:23 18:6	capitalized	26:14 41:19	clarification
25:2 29:13	42:3	chevron 17:14	44:6
33:19	car 41:25	chi 10:5,5,8,11	clear 6:20 18:2
broker 28:17	care 12:7 27:7	chief 6:16	19:7 20:3 21:1
brooklyn	38:16	26:16 30:1,3	21:13 38:5,25
44:25 45:11	case 1:3,9,18	chronology	39:22 40:16
builders 41:4	6:18,22,23	19:17 21:7	42:18
burden 15:10	8:12 10:22	cht 11:1,4,7,15	clearly 6:18
19:6 41:6	14:5 15:18	12:12 13:21,23	16:15 31:9
business 9:15	17:12,21 24:12	24:18 26:14,14	39:5
10:2 11:18	26:3 45:23	26:17 32:9	clerk 6:13,15
15:13 17:4,5,6	caselaw 15:9	39:5	client 18:3,4
26:24 28:16,20	cases 13:17	chunks 44:18	close 9:23
40:25	17:10,10	cir 19:14 40:7	18:21 19:16
buyer 30:23	cause 21:11	circuit 15:22	20:12,12 28:11
32:23	causes 23:20	15:24 19:11	29:13 32:6
buyers 31:3	center 30:12	circuits 16:19	38:25 43:25
c	central 2:4	circumstantial	closed 13:10
c 4:1 6:1 49:1,1	14:16 45:1,10	16:15 19:12	29:25 33:17
cadle 35:11	45:19	cit 36:13	closeout 37:20
40:7	ceo 30:6	city 18:21	closing 12:13
calendar 12:17	certain 3:1	40:21	16:7,16 29:9
call 27:2,13	11:18,25 19:12	civil 8:13 24:8	31:4
called 6:18	20:1 23:19	claim 10:22,23	code 18:12,24
11:2 13:4	31:9,11 33:10	13:20,21 21:20	22:16 25:15
29:16 32:16	34:13 41:10	22:22 24:25	34:20,21 37:11
33:10,13	certainly 21:6	25:21 35:17	39:13 42:11
calls 31:1	46:19	37:10 42:17	collateral 20:5
camera 46:15	certified 49:3	claimant 5:2	collectively
			9:18

comingling 41:2	33:4,23 34:3 36:21 37:3	contained 16:6 16:22	counter 5:2
commenced 10:1 13:24	41:7	continued 30:4	counterclaim 14:5
commerce 35:6	consider 40:23	control 18:5 40:1	country 49:21
companies 9:10 26:7	consideration 19:16,21,23 20:9,10 21:14 21:18,21 22:2 22:4,4,5 34:25 35:20,23 36:4 36:11 37:9 38:12 39:17	controlled 26:22 29:16 32:25 37:6	couple 39:19 44:5
company 9:16 26:18,21 30:2 31:15 32:15,17 35:11	considered 9:21 21:8 36:1 38:9	controlling 9:24	court 1:1 2:2 6:3,5,9,12,14 6:25 7:12,17 7:22 8:4,6,10 8:14,16,24 9:1 10:19 11:25 12:14 13:16 14:10,16,22,24 15:2,3,20 16:2 17:17 18:8,20 19:19 20:7,22 21:10,20 22:3 22:6,12,14 23:1,4,16,17 23:21,24 24:10 25:17 29:18 34:12 35:18 36:15 37:19 38:9,12 39:8 39:10 40:8 41:5,9 42:4 44:1,7,9 45:1,4 45:15,22 46:8 46:21,24
completed 33:5 33:6,7	consistent 23:5	convenience 41:18	
computers 46:15	consolidated 9:9 26:7	conveyance 18:17 21:13,17 34:25 35:23 37:17 40:5	
concede 32:11	constellation 10:4,17 12:12 26:13 29:11 30:4,7,8	conveyed 37:4	
concern 28:13	constitute 15:15 19:12	convincing 19:8 38:5	
concerned 38:23	constitutes 46:15	core 8:2 23:21	
concerning 12:1 21:6 31:7	constructive 25:11 36:1,18	corp 17:14 18:21 30:3 42:13	
concerns 30:14	constructively 21:12,16 36:3 36:12	corporate 27:8 40:17,25 41:1 41:2 42:1	
conclude 41:5	construed 17:7	corporation 26:19 27:3 37:3 40:18,19 40:24	
concluded 47:1	consulting 27:7 41:14	correct 28:8	
conclusions 8:2 24:7 29:20	contagious 6:14	correspondin... 33:20	
condition 19:17 20:20,25 39:7		cost 44:13	
conditions 31:7,9 36:5		counsel 7:3,5 7:12 15:19	
conduct 18:20			court's 24:2,6 29:20 34:10 44:9
conference 6:6 7:23 45:5,10			courthouse 45:17
confirmed 12:9			courtroom 6:16 45:9
connection 21:19 24:21,22			

46:14 courts 19:11 38:8 40:23 court's 7:25 8:1 14:11,13 16:18 23:2 cover 10:12 covid 45:6 craig 21:25 created 11:15 13:5,6 creator 16:14 credibility 43:24 creditor 19:4 35:18,24 37:14 38:3 40:2 42:8 42:12,13,16 creditors 18:19 25:16 36:1 37:18 42:15,20 criteria 11:2 cross 8:7 9:2 14:7,21 43:24 cto 30:6 custody 18:5	dated 32:21 day 12:3,6,9 13:3,21 32:7 days 43:18 44:8,10,17,18 44:18,19,20 dcl 18:16,24 21:12 22:2 25:16 34:21,24 35:9,19,21 37:16 39:14 42:9,20 deadlines 44:21 deal 12:20 27:24,25 28:11 28:15 29:25 debt 12:16 13:8 31:16,17 31:18,20,23 34:1,2,5 36:10 37:7,8 debtor 1:7 8:22 10:5,6,16 11:1 13:5 16:5 18:15,24 19:7 20:16,20 21:14 24:18 26:13 27:10,18 28:20 29:11,16 30:8 31:16 32:7 33:22 35:5,10 37:2,5,14,23 39:18 41:15 debtor's 25:1 30:2 31:19,22 33:14,18	debtors 8:21 9:5,22,25 10:2 10:24 11:3,11 13:13,14 14:3 17:23 18:1,5 20:23 24:18 26:6,10 31:24 32:24 33:24,25 34:4,6 37:9 38:24 39:4,5 debtor's 12:5 12:11,15 13:8 13:17 debts 33:8 december 10:18 31:17 35:14 declaration 15:7 16:6,11 16:23 declarations 15:12,14 16:21 16:24 23:11 43:22 defendant 13:19,21 15:11 19:23 21:14 24:20 26:22 35:1,4 37:1 39:15,25 defendant's 25:23 42:6 defendants 1:16,25 7:3,6 7:16 8:15,20 9:19 10:8 12:16 13:11,13	15:7 16:6,20 18:9 20:1 22:7 24:15 25:11 34:2 39:20 40:13 43:2 defendant's 8:7 14:6 17:2 48:11 deficiencies 33:17 defined 24:23 defraud 18:15 18:18 19:4 37:14,18 defrauded 38:2 delay 18:14,18 19:4 37:14,18 38:2 delays 46:11 delivered 31:3 denied 22:11 25:23,24 43:2 48:6,12 deny 9:2 denying 14:24 23:7 25:17 43:5,9 deposit 41:18 41:20 deposited 10:14 deposition 28:2,14 deputy 6:16 derivative 42:12
d			
d 6:1 48:1 damages 35:2 40:3 date 11:5 19:2 20:24,24,24 26:1 32:3,12 34:8,23 37:13 37:25 44:7,7 49:25			

describe 24:23	direction 16:11	16:3,10 38:21	ehrenberg 1:11
described 13:17	24:20 32:10	doesn't 20:4,14	1:20 4:4 6:22
designated 18:4 32:15	directors 9:17	doing 28:4	6:24 7:8,10,11
desire 46:12	11:8 33:14	40:25 45:3	7:18,23 15:23
despite 29:4	disagreement 22:15	dollars 11:10	eight 34:7
31:14 33:17	discharge 33:8	42:3	either 14:20
36:22	disclosure 38:20	dominated 40:18	16:22 18:23
detail 24:23	discussed 21:19	donziger 17:14	25:10 34:2
determination 8:16	dismissal 25:13	don't 23:8	36:17 39:13
determinations 34:10	disposition 18:7	dot 46:15	40:4 41:18
determine 21:10 23:21	dispositive 44:1	due 8:4 17:8	elaborate 26:3
determined 8:10 9:1 15:20	dispute 8:11,17	33:2,4 36:21	elements 21:22
17:18 19:19	14:19 18:8	38:21	elena 13:7
34:12 36:16	19:1,5 20:8	dues 41:25	email 32:2,7
39:10 40:8	30:12 34:14	e	emailed 12:6
43:15	disputed 34:13	e 2:21,21 4:1,1	emails 15:12
didn't 6:10	disputes 19:20	6:1,1 48:1 49:1	employee 27:5
20:18	disregarded 40:20,21	e.d.n.y. 15:23	41:12
different 44:13	dist 35:11	18:22 19:9	employees 9:17
difficult 19:10	40:22	38:4	ended 13:15
diligence 33:2	district 1:2	earlier 30:10	engage 36:8
33:3,4 38:21	10:18,19,21	earnout 33:8	43:13
direct 18:6	15:20 16:18	east 41:3 45:17	engaged 36:8
19:10 25:25	21:2 23:23	eastern 1:2	entered 10:19
32:16 36:25	35:6,14 41:4	23:23	11:3 35:13
43:3	docket 30:16	ebitda 29:7	enterprise 9:10
directed 12:4	docketed 21:15	ecro 2:25	26:7
12:24,25	35:2,8	edith 15:6	entire 20:7
directing 26:5	documents 11:19 15:22	effect 23:23	entities 9:5,9
43:10		effective 44:13	11:1,14,16
		efficient 44:14	13:15,16
		effort 43:14	entity 8:23
		ego 40:15,16	9:15 10:5,6,16
		41:7,10 42:4	13:4,5,6 18:15
		egos 40:14	20:19 26:12
			27:10 28:20
			29:16 32:15,19

32:23,25 33:22 37:5,5 envisioning 44:16 equity 11:15 equivalent 20:18 escrow 30:17 31:4,5,8,10,12 31:12 36:22 38:19,20 escrowed 30:15 essentially 25:12 38:16 42:8 44:17 establish 21:17 38:4 established 8:12 31:10,13 38:18 42:5 establishing 19:6 estate 17:17,19 17:20,20 18:10 39:18 et 1:6,12,21 6:23,24 eugene 4:17,22 7:4,5 event 12:3 events 19:17 21:7 31:11 evidence 12:15 15:8 16:15 17:10 19:8,10 19:13 20:22	22:12 28:15 29:10 31:23 34:1,4 38:6 evidentiary 8:8 8:14 14:8 15:1 15:18,25 23:9 23:10 examination 43:24 examining 46:14 exception 17:4 exceptions 17:7 excess 35:14 exchange 20:2 38:24 excuse 6:13 37:11,23 40:20 executed 27:12 27:15,17 31:12 executive 26:16 30:1 exhibit 31:6 exist 11:17 21:6 34:15 36:16 39:11 40:9 existed 17:21 42:25 existence 42:20 42:24 existing 42:11 exists 14:17 20:25 40:17 exited 45:5,5	expect 43:21 expenses 10:12 41:23 expert 16:21 16:25 20:22 21:24 explain 12:17 extensive 25:6 25:6 29:18 extent 8:15 29:19 30:20 42:16 f f 2:21 5:6 40:7 49:1 f.2d 19:13 f.4th 15:24 f.sup.2d 17:14,15 f.sup.3d 40:6 face 9:8 fact 12:10 14:18,19 16:24 19:20 20:8 21:9,20 22:3,6 23:2 27:24 28:1,2 33:15 34:3 36:16,21 36:25 39:11,16 40:9 factors 40:23 facts 8:2,10,17 22:24 24:7,9 25:6,8 31:13 34:13,14,15 41:10 42:5	factual 19:5 29:19 fails 35:5 failure 41:1 fair 21:13,18 21:21 22:2,5 34:25 35:20,23 36:4,11 39:17 fairly 15:10 faith 22:7 35:22 36:12 fall 30:5 family 27:8 38:25 41:15,21 far 11:17 13:17 17:2 20:20 30:25 37:10 38:11,23,25 44:24 favor 17:7 fbi 21:4 feb 15:23 federal 2:3 8:13 15:8 24:8 33:12 35:18 fees 27:24 28:11,16,16 fell 12:21 fester 24:2 fictitious 11:14 fiduciary 18:1 18:3 file 32:6 filed 10:22,24 10:25 13:20,21 14:4 35:17
---	---	---	--

filing 13:15	forwarded	g	35:22 36:12
final 35:13	13:2	g 6:1 8:12	granted 40:12
financial 19:17	found 21:20	22:23 24:8	48:9
20:20 39:7	22:3,6 37:23	34:15 41:9	granting 25:20
find 19:10	41:9,11 42:4	gap 43:25	43:5,8,9
findings 8:1	frank 15:7	gazillion 11:10	greene 10:15
24:6 44:2	frankel 22:8	general 17:8	12:4,7
finds 18:8	fraud 19:12,15	generally	group 17:14
firm 7:5 25:2	36:1 38:7,9	19:14 43:19	36:14
first 6:25 18:12	40:18	genovese 10:15	guess 44:5
24:16 25:5,9	fraudulent	genuine 8:11	guys 6:10
25:18 29:17	18:19 19:11,13	8:17 14:17,18	h
30:10 34:19	21:12,16,19	18:8 19:1,19	h 8:3 40:5
36:17,20 38:11	25:10,11 29:21	20:8 23:1	half 6:10 28:24
39:6,11 48:6	32:2 34:20,24	34:14 36:16,24	hampton 41:3
five 29:6,7	35:3 36:3,12	39:10,16 40:8	hands 46:17
floor 4:5	36:18,19 37:10	girlfriend 13:7	happened
florida 9:15	37:22 38:7	giuliano 5:1,6	46:11
11:25 12:21	39:13,23 40:3	7:14,15 23:6	health 10:17
focus 44:22	free 41:3	23:15	12:12 29:17
follow 9:2	friend 9:23	give 6:18 15:1	30:2,7,8
25:17	fund 17:25	32:4 44:22	healthcare
followed 27:8	funded 31:11	given 39:25	9:11 10:4 26:9
41:25	funding 38:19	42:20 46:10	26:13,21 29:12
following 8:10	funds 8:20,21	gluck 10:15	30:4 32:22
36:4	12:8,11,25	go 11:9,11 15:1	healthcorp 1:6
foregoing 49:3	14:2 17:18,24	26:2 44:10,12	1:12,21 10:6
forged 11:19	18:1,5,9 20:16	44:14 46:25	hear 6:7,10,18
form 7:25 23:7	20:17 30:15,20	going 7:22 15:1	23:21
24:5 31:6	31:5 33:18	22:22 23:6,17	hearing 3:1,3
40:17,25 43:4	37:2,3 41:3	25:25 26:1	46:8
formalities	further 12:19	34:19 39:3	hearings 6:17
27:8 41:1 42:1	45:17 46:7	43:3,16,20	46:3
formed 27:6	future 18:18	45:6	hearsay 17:2,3
41:13	37:18	good 6:2,3,13	17:6
forward 18:12		6:15 7:2,4,7,10	held 10:5,14
		7:14,15 22:7	12:12 13:22

17:25 18:2,3 40:15 help 45:11 hennigan 6:15 high 15:11 highest 39:4 highlight 38:9 hinder 18:14 18:18 19:4 37:14,18 38:2 hold 14:12 17:23 45:9,10 holding 32:19 45:23 homeowner 41:25 hon 2:22 honed 46:13 honor 7:4,7,10 7:14,15,19 23:14,15 44:6 44:25 46:6,20 hopefully 43:12 hour 6:9 howard 1:11 1:20 4:4 6:22 6:23 7:8,11	immediately 31:4 impact 22:15 inadequacy 38:11 inadequate 41:1 inadmissible 16:21 include 8:1 13:16 19:15 26:12 36:20 included 28:11 includes 24:6 including 14:5 15:12 16:10 31:10 incorporated 8:13 24:9 41:12 increase 31:24 34:5 incur 36:10 incurred 18:17 indemnify 30:20 independent 14:22 17:11 indirectly 32:16,18 indiscernible 37:19 46:24 individual 40:19 individually 40:9	inflation 38:15 initially 42:2 inquiry 19:18 insider 39:5 insiders 39:2 insolvency 20:25 21:24 insolvent 20:23 22:1 35:10 36:5,6 installed 30:1 instructions 12:24 intent 18:14,18 19:4,7,11,13 35:24 36:18 37:13,17 38:2 38:5 intention 23:2 intentional 25:10 37:10 intentionally 29:21 39:12 interest 10:6,9 13:22 18:25 20:5 32:20 34:6,22 37:23 interested 26:18 internally 32:5 invest 9:20 10:3 investing 10:8 investment 10:4,10,13 11:13 13:2,19	investments 1:24 5:2 6:24 7:24 9:16 27:7 41:14,21 investor 11:10 invoke 25:15 42:9 involves 24:12 32:13 involving 11:7 iolta 10:14 12:5,11 17:23 17:25 21:4 25:2,2 29:12 33:19 ipo 10:12 irrelevant 17:1 island 45:12,18 islip 2:4 45:1 45:10,19 issue 8:24 9:3 13:25 14:17 19:19 21:9 23:4 32:13 35:10,16 issues 8:9 14:17,18 23:1 36:16,20,24 39:10,16 40:8 43:13 44:1 items 15:15 it's 6:14 14:14 i'll 9:18 10:4 17:13 i'm 6:11 7:10 7:22 15:1 22:22 23:6
i			
identical 18:20 identified 15:13 22:24 identifying 13:20 identity 40:20 40:21			

i've 6:9 20:14 21:24 22:24 23:9	42:7 48:12 judgements 42:21	known 14:15 17:3 34:12	let's 6:25 level 39:4 lexington 4:19 11:16 lexis 35:6,11 40:22 liabilities 33:9 33:11 liability 9:16 22:20 39:21,21 40:16 41:7 43:15 liable 18:15 37:15 40:15 lime 17:13 limited 9:16 22:25 42:11 line 48:4 lines 26:24 lippe 42:13 liquidated 13:1 liquidating 1:11,20 7:9,11 lisa 12:22 listed 9:6 litigation 17:12 43:19 little 46:15 live 45:7,7 46:16 llc 1:24 6:24 10:17 11:2 13:4 16:13 32:16,19 llp 4:3 loan 11:23 19:24,24 20:5
j	judgment 3:3 8:7,7,23 9:3 10:19,23 13:25 14:6,7,19,21 16:3 23:8 25:18,20 34:11 34:16 35:8,13 35:18 40:12 42:24 43:1,9 46:10 48:5,8 judicial 45:4 juiced 27:21,22 28:1,18 38:14 july 13:19 23:3 26:4 43:16 45:11,23,23 jump 26:2 june 10:1 13:1 25:1,22 26:1 30:1 32:21 33:18	I lack 19:15 38:11 lacked 35:20 lacks 25:14 42:8 laco 36:2 landmark 11:16,21 large 11:6 17:24 law 4:17 5:1 7:5 8:2 14:20 17:18 18:1 21:13,23 24:7 25:2,15 35:19 40:2,16 41:6 42:4,17,20 44:2 lawsuit 10:25 lazzar 15:12,14 16:1,20 lazzara 15:7 lease 11:25 12:2 45:17 leave 44:15 legal 18:11 34:10 49:20 legitimate 11:18 21:8 leinwald 10:15 length 14:13 14:14 24:3 lessons 41:25	
jacobs 19:8 38:3 jacobson 21:25 jamaica 36:14 janaminder 27:14,15 janitorial 18:21 jeff 7:7,19 jeffrey 4:8 jericho 27:4 jisung 40:5 john 7:24 9:13 joint 25:6 26:19 27:24 28:1 31:13 33:15 jointly 13:17 40:15 jones 4:3 jp 24:19 25:3 30:9 32:9 33:20 judge 2:23 6:2 6:4,16 7:2 45:21 46:1 judgement 10:21 11:3,5 14:15,25 21:2 21:15,15 22:1 22:11 24:13,14 25:12,24 29:10 35:2,5,15,18	k kaiser 19:13 kept 17:9 kettlepond 27:4 kim 40:5 knew 11:17 39:2 know 14:11 43:11,19 46:8 46:9 knowledge 15:15,21		

28:25 long 24:3 28:12 45:12,18 longer 12:21 46:12 look 19:11 31:8 38:8 looking 26:17 lot 43:20,22 lung 35:6 lyman 35:5	make 6:5 11:9 14:22 17:25 43:24,25 44:1 making 35:1 manage 27:6 41:14 managed 9:17 management 1:15 4:18 9:12 26:10 27:2 32:22 march 10:25 13:16,24 27:10 29:9 material 14:18 14:19 20:8 23:2 34:13,14 36:16,24 39:11 39:16 40:9 matter 1:5 7:16 14:20,25 17:18 21:23 23:3,4 30:22 35:19 41:6 42:4 44:2 matters 14:12 23:1 24:1,2 meaningful 43:14 means 16:4 measuring 20:23 mediation 26:1 26:5 43:11 44:7 mediator 44:11	medical 26:17 27:1 melville 5:4 member 13:22 membership 32:20 memorialized 29:10 32:20 messages 20:1 met 11:8 36:5 41:6 million 10:3,8 10:10 11:13 21:4 24:17 25:4,19 27:19 27:21,23 28:4 28:7,9,18,21 28:21,22,24,24 29:2,6,7,8,11 29:14,14,15,23 30:9,20,24 31:14,24,25 32:1,4,6,8 38:14,14,24 39:12,18,23 40:11 41:8 42:24 mineola 49:23 minutes 27:9 39:19 42:2 mipa 32:21 33:2,5,6,13,17 mittchell 12:4 mix 46:16 money 9:20 10:13 11:24 12:22,23 21:14	35:1 39:25 40:2 41:17 monies 11:20 18:2 41:20 month 27:12 months 34:8 morgan 24:19 25:3 30:9 32:9 33:20 morning 6:2,3 6:13,15 7:2,4,7 7:10,14,15 45:24 motion 8:6,7,8 8:24 14:6,7,23 22:11 24:14 25:12,23 42:7 46:4 48:5,8,11 motions 8:5 9:2 14:7,9,21 14:25 22:10 23:8 moves 18:12 mpia 33:9 multiple 9:5 11:12 13:15 17:24 29:7 33:7 mute 6:21 muted 6:4 myriad 8:14
m	m 1:11,20 6:22 6:23 m&t 16:7,12 24:17 26:15 32:8,8 made 7:25 8:16 8:19,25 10:10 18:17 19:3 20:10 21:3,9 21:13,18,22 22:8 23:9 24:17,18,20,21 24:21 25:1,19 25:21 34:22,25 35:20,22 36:3 37:12,13,17,22 38:1 40:11 main 30:2 maintain 45:16 maintained 26:14 27:9 42:1 maintenance 33:9 41:24		n
			n 4:1 6:1 48:1 49:1 name 6:20 10:16 11:18 12:12

names 26:12	newhouse	o	okay 44:24
narrative 7:25	35:11 40:7	o 2:21 6:1 49:1	45:2 46:1
24:5	newly 13:5	object 16:20	old 49:21
near 42:7	niknim 1:15	32:19,21 33:23	once 6:18
nearly 14:12	4:18 24:20	34:3,6	20:16 22:17
28:17	25:3,22 27:2,2	objected 15:7	29:25
necessary	27:6,6,8 30:10	16:6	ongoing 45:9
30:23 43:24	31:19 32:9	objection 17:2	opened 16:12
need 17:9 23:8	33:19 37:1,8	17:5	opening 16:7
30:15 43:6,21	39:15,21,24	objections 8:15	16:16
43:25 44:3,19	40:1,11,14	15:5,18,25	operated 9:9
45:8	41:8,11,13,15	17:6	9:11 26:22
needed 12:21	41:19,22,22,25	objects 15:11	operating 9:24
27:23	42:2	obligation	22:7 26:8 27:3
needs 43:5	nolan 4:8 7:7,7	18:17 37:17	30:2
negotiating	7:17,19,19	obligations	opinion 16:18
28:6	23:6,14 43:3	31:2	16:24 20:22
negotiations	non 8:22 10:5	observe 43:23	opportunity
33:3	10:16 29:16	observed 42:1	45:3
net 28:20 29:2	33:22 37:4	obviously 17:3	opposed 46:14
29:3 31:24	noncomplian...	occur 29:9	order 9:3
34:5	36:22	occurred 17:22	11:24 23:5,7
network 32:22	note 20:4 28:22	19:2 32:11	43:4,8
32:23 33:22	28:24	34:7 37:17,25	orders 23:22
37:5,7	noted 21:24	38:20	orion 1:6,12,21
never 11:20	22:14 38:12,17	occurrence	7:9 10:6,7,9,12
27:16 33:5,6,7	42:23	31:11	10:20 15:18
33:12,13,14	notes 29:18	october 13:10	22:1 28:6 30:2
new 1:2 2:4 4:6	notice 8:4	offering 16:24	30:6 39:4
4:13,20 9:15	november 11:2	office 4:17	41:17
18:1,16,24	11:6	officer 9:24	outlined 20:14
21:12,13 23:23	number 6:22	26:17 27:5	outset 36:15
25:16 27:3,4	6:23 10:23	30:2,3 39:4	42:7
34:20,24 35:9	13:20	41:13	outstanding
35:21 37:16	ny 4:6,13,20	officers 9:17	10:23 11:5
39:13 40:2,16	5:4 49:23	39:1	21:2 28:22,24
42:9,17,20			28:25 35:16

overall 21:7 overruled 16:1 17:3,6 oversee 17:11 owed 12:16 13:8 31:15,19 31:20 34:2 37:7,8 own 25:7 owned 26:21 32:16,18,25 owner 18:4 40:17,24 ownership 10:6,9 11:15 32:18	26:16 27:17,23 28:3,6,10 29:5 29:16 32:2,15 33:1 37:6 39:1 parmar's 38:14 part 11:6 16:3 16:4 26:2 32:2 36:13 43:8 45:24 partial 24:14 25:12,23 42:6 43:12 partially 31:2 participated 40:3,10 particularly 15:11 17:10 parties 6:21 8:5 14:4,11,13 14:16 19:14,16 22:15 24:3 25:5,7,25 26:5 27:22 28:5 30:12,25 32:10 34:12 40:3 43:10,13 44:15 parties' 9:2 partner 12:4 party 14:20 17:13 32:25 37:3 passing 39:8 past 26:2 paul 9:22 26:16	pay 20:18 36:10 41:23 payment 8:19 30:24 32:6 36:21 37:1 40:11 payments 33:8 41:25 pc 26:25 pca 26:25 28:23 29:3 pending 9:4 14:22 24:1 percent 10:9 13:22 period 34:9 45:6 permeable 44:21 person 9:24 35:1 45:4,8 personal 11:23 15:20 27:7 41:3,14,16,19 41:23 petition 11:5 19:2 32:12 34:8,23 37:13 37:25 petitions 35:17 petrozza 7:24 9:13,14,18,21 10:1,10,13 11:8,10,22 12:17,19 20:2 20:13,17,17	petrozza's 9:20 13:3 phone 6:21 phrase 27:21 physician 11:1 11:4 26:10 27:10 37:5 physicians 27:18 30:18,21 32:22,23 33:22 37:7 piercing 40:15 plaintiff 7:20 7:21 8:6 11:2 19:22 21:17 35:3 plaintiffs 1:13 1:22 7:8 plaintiff's 14:6 plaza 2:3 pleadings 12:13 14:4 22:14 26:11 42:24 please 6:17,18 6:19,21,25 plenty 46:16 pllc 4:17 plus 11:1 27:11 point 22:18 28:10 33:25 points 44:6 pool 41:23 porteck 24:23 26:18,19,20,24 27:11,13,13,16 27:20 29:1,13
p			
p 4:1,1,8,15 6:1 p.c. 5:1 p.m. 12:6 pachulski 4:3 page 28:13 48:4 paid 10:11,13 20:17 28:3,16 29:23 37:3 41:15 par 15:16 paragraph 26:20 parent 40:17 parmar 9:22 9:23 10:3,14 11:8,17,23 12:4,6,10,23 12:23,25 13:6 16:12 20:13			